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GOVERNMENT OF THE REPUBLIC
OF UGANDA

CONTRACT	:	TECHNICAL ASSISTANCE UNDER UNIDO CONTRACT NO. 91/111/ML
PROJECT	:	BR/UGA/ 89/001 PUBLIC INDUSTRIAL ENTERPRISES SECRETARIAT
TITLE	:	FINAL REPORT ON

EAST AFRICAN DISTILLERIES LIMITED (EADL)

AND

LAKE VICTORIA BOTTLING COMPANY LIMITED (LVBC)

VOLUME I

PREPARED BY : INDUSTRIAL AND MANAGEMENT SERVICES LIMITED (IMAS)

IMAS

SEPTEMBER, 1991

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AND
APPENDICES

FINAL REPORT ON

EAST AFRICAN DISTILLERIES LIMITED
A N D
LAKE VICTORIA BOTTLING COMPANY LIMITED

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INTRODUCTION AND ORGANIZATION OF FINAL REPORT

0.0. INTRODUCTION

0.1. Organization of Report

0.1.1. This Final Report consists of two (2) main volumes. Each volume is made up of various parts as follows:-

VOLUME NO.	PART NO.	SUBJECT(S) COVERED
I		INTRODUCTION AND ORGANIZATION OF FINAL REPORT.
	(i)	PRE-TECHNICAL ASSISTANCE SITUATIONAL REPORT AND IMAS PROGRAMMES AT EAST AFRICAN DISTILLERIES LIMITED (EADL).
	(ii)	CORPORATE PLAN FOR EAST AFRICAN DISTILLERIES LIMITED (1992 - 1996).
	(iii)	FINANCE AND ACCOUNTING REPORT ON EAST AFRICAN DISTILLERIES LIMITED.
	(iv)	MARKETING REPORT ON EAST AFRICAN DISTILLERIES LIMITED.
II	(v)	SITUATION IN LAKE VICTORIA BOTTLING COMPANY LIMITED IMMEDIATELY PRIOR TO TECHNICAL ASSISTANCE BY IMAS.
	(vi)	CORPORATE PLAN FOR LAKE VICTORIA BOTTLING COMPANY LIMITED (1992-1996)
	(vii)	FINANCE AND ACCOUNTING REPORT ON LAKE VICTORIA BOTTLING COMPANY LIMITED.
	(viii)	MARKETING REPORT ON LAKE VICTORIA BOTTLING COMPANY LIMITED.

0.1.2. Volume 1 of the Final Report comprises an introduction which covers the detailed organization of the Final Report and also gives some background information on the assignment. The introduction ends with an acknowledgement of the assistance given to the Consultants.

0.1.3. In Part (i) of Volume 1 of the Final Report, the situation in **East African Distilleries Limited** relative to the findings of a management audit report, which was written in October 1990 is assessed.

0.1.4. Areas of management and operations assessed include the level of strategic planning, budgeting, cost accounting, financial accounting, management reporting, human resources management, computerization, production, marketing, and the organizational structure.

0.1.5. In addition, Part (i) of Volume 1 of the Final Report covers details of the programmes that were followed by each Consultant in his specialised area at **East African Distilleries Limited.**

0.1.6. Parts (ii), (iii) and (iv) of Volume 1 of the Final Report cover the Corporate Plan, Finance and Accounting Report as well as the Marketing Report of **East African Distilleries Limited respectively.**

0.1.7. Part (v) of Volume 2 of the Final Report covers the Situation in **Lake Victoria Bottling Company Limited** relative to the recommendations contained in a management audit report on the Company prepared in October 1990.

0.1.8. Areas of management and operations of the Company which were assessed include the level of strategic planning, budgeting, cost accounting, financial accounting, management reporting, human resources management, computerization, production, marketing and the organizational structure.

0.1.9. In addition, Part (v) of Volume 2 of the Final Report covers details of the programmes that were followed by each Consultant in his area of specialization at **Lake Victoria Bottling Company Limited.**

0.1.10. Parts (vi), (vii) and (viii) of Volume 2 of the Final Report cover the Corporate Plan, Finance and Accounting Report as well as the Marketing Report on **Lake Victoria Bottling Company Limited** respectively.

0.1.11. The Corporate Plans and other reports in Volumes 1 and 2 of the final report contain detailed recommendations of the Consultants on the problems of **East African Distilleries Limited** and **Lake Victoria Bottling Company Limited** which came to light during the period of the Technical Assistance Programme.

0.2. Background

0.2.1. The performance of the Public Industrial Enterprises sector since 1970 has been characterised by low capacity utilization *(between 10 - 25% of installed capacity in most cases)* lack of an integrated system of planning, budgeting, costing, management information, controlling, absence of aggressive marketing strategies and low productivity.

0.2.2. To reverse the situation, a Recovery Programme was launched in 1982 which was basically meant to rehabilitate the Public Industrial Enterprises including divestiture, privatization and improvement of performance.

0.2.3. Selected Public Industrial Enterprises received management auditing which aimed at recommending steps to increase the efficiency, production capability, productivity and control of the affected enterprises.

0.2.4. The Management Audit Reports recommended that general management training required in the enterprises would be better performed through on-the-job training given by highly experienced external consultants to guide the actual managers in the enterprises.

0.2.5. The on-the-job training services to be provided by the consultants were to be an integral part of the project - BR/UGA/89/001 of the Public Industrial Enterprises Secretariat, *(PIES)* Uganda.

0.2.6. Following award of a sub-contract for the on-the-job training services to **Industrial and Management Services Limited** *(IMAS)*, Ghana, a total of seven man-months of technical assistance was given to **PIES** by three consultants of **IMAS**, who are specialists in the following areas:

- Finance, Accounting and Reporting
- Marketing and
- Management, organization, planning and strategy.

0.2.7. Initially, three companies, **East African Distilleries Limited, Jubilee Ice Limited** and **African Ceramics Limited** were to have benefited from the services of the consultants.

0.2.8. At the request of **PIES**, however, the list of companies to receive on-the-job training and technical assistance was reviewed to cover the following companies:

- East African Distilleries Limited (EADL)
- Lake Victoria Bottling Company Limited (LVBC)
- Nile Breweries Limited (NBL)

0.2.9. Out of these three companies, it was agreed with **PIES** that **IMAS** technical assistance should first be given to **EADL** and **LVBC** with **NBL** to be given technical assistance later on during an extension of the original **IMAS** contract by **UNIDO**.

0.2.10. The Final Report presented on the following pages is therefore the culmination of a series of interviews of the General Managers, Heads of Department and Staff of **East African Distilleries Limited**. and **Lake Victoria Bottling Company Limited**, which were conducted during the assignment, aimed at ascertaining the situation in the companies relative to the recommendations in management audit reports that were prepared in October, 1990.

0.2.11. The interviews were also aimed at the following:-

- Analyzing specific deficiencies in the companies
- Developing a co-ordinated strategy for overcoming the deficiencies identified through guiding, hand-in-hand, staff of the companies and
- Drawing up a programme to be followed by each of the three consultants during their seven man-months of technical assistance to the two companies.

0.3. **Acknowledgements**

0.3.1. The Consultants would like to express their deepest gratitude to the Director of **PIES, Mr. Timon Langoya** and the Chief Technical Adviser of **PIES, Mr. W.B. Miller,** whose assistance was invaluable in making it possible to come out with the Final Report.

0.3.2. The Consultants would also like to acknowledge the kind assistance provided by all staff of **PIES** during preparation of the Final Report.

0.3.3. Finally, the Consultants would like to thank the Management and Staff of **East African Distilleries Limited** as well as **Lake Victoria Bottling Company Limited,** for co-operating actively with the Consultants during the technical assistance programme.

PART I: PRETECHNICAL ASSISTANCE SITUATIONAL REPORT AND IMAS PROGRAMMES AT EADL

CHAPTER 1.0. REPORT ON SITUATION IN EADL IMMEDIATELY PRIOR TO TECHNICAL ASSISTANCE PROGRAMME

PRETECHNICAL ASSISTANCE SITUATIONAL REPORT AND IMAS PROGRAMMES AT EADL

1.0. REPORT ON SITUATION IN EADL IMMEDIATELY PRIOR TO TECHNICAL ASSISTANCE PROGRAMME

1.1. Background

1.1.1. **East African Distilleries Limited** is jointly owned by the **Uganda Development Corporation** *(51% shareholding)*, the **Development Finance Company of Uganda** *(23% shareholding)* and **Duncan, Gilbeys and Matheson** *(26% shareholding)*.

1.1.2. The Company, which was established in 1963 aims at producing cheap alcoholic beverages out of refined enguli with a view to getting the local population to consume less of crude enguli which is not very healthy.

1.1.3. At the time of the Management Audit in October 1990, the Company was producing three products.

1.1.4. Prior to the **IMAS** Technical Assistance Programme in July 1991, the Company was producing four different products with the following product mix *(based on production from 1st January 1991 to 30th June 1991)*.

Product	Percentage of Total Production
Uganda Waragi	81.0%
Mark Royal Whisky	3.0%
Queen Elizabeth Dry Gin	10.0%
Reine Marie Brandy	6.0%
	100.0%

1.2. Production and Related Activities

1.2.1. During the Management Audit of the Company, capacity utilization was observed to be low averaging 23% of installed capacity in 1989 and 22% in 1990.

1.2.2. As at the end of June, 1991 when **IMAS** carried out its first assessment of the Company, capacity utilization during the period 1st January, 1991 to 30th June, 1991 averaged 20.8%.

1.2.3. Unless firm measures were taken to reverse the declining capacity utilization, therefore, it was possible that capacity utilization by the end of December, 1991 would decline further to 20% or, possibly, lower.

1.2.4. The declining capacity utilization recorded during the previous three years prior to June, 1991 was very serious indeed when viewed against the background of optimistic projections of capacity utilization *(budgeted at 42% in 1990 and at 49% in 1991)*, rising cost of raw materials due to devaluation of the Uganda Shilling and increasing competition from imported alcoholic drinks and locally produced crude enguli.

1.2.5. At the time of the Management Audit of the Company, the main problems that constrained an increase in production capacity were identified as lack of foreign exchange when required to meet imported raw material costs, high government taxation *(assessed at the time as 70% taxes on spirit raw materials and 67% taxes on* *the ex-factory price),* inadequate working capital, frequent electric power cuts and water supply interruptions, slow rate of return of empty bottles, high sales prices and lack of aggressive marketing.

1.2.6. By the end of June 1991, capacity utilization was lower than at the time of the Management Audit Report inspite of an improvement in a few of the constraints identified at the time of the Management Audit.

1.2.7. These improvements were the reduction in taxes in the 1991 budget to a total of 69% on the ex-factory price, the acquisition by the Company of an electric power diesel generator and approval of a higher overdraft facility of 85 million USh. compared to the level of 60 million USh. at the time of the Management Audit.

1.2.8. These improvements notwithstanding, lack of foreign exchange to cover the cost of imported raw materials, inadequate working capital, the slow rate of return of empty bottles, lack of aggressive marketing and high sales prices *(resulting in part from the low capacity utilization)* continued to be major constraining influences on capacity utilization in June, 1991.

1.2.9. Investment recommended in the Management Audit Report as being necessary for the rehabilitation of **EADL** amounted to US$1,000,000.00 which was to be divided into US$400,000.00 for 1990 and US$600,000.00 for 1991. Major investments were expected to include the introduction of a waste water treatment plant *(US$150,000.00),* new electrical installations *(US$170,000.00)* and additional equipment for the company's mechanical workshop amounting to US$120,000.00.

1.2.10. Due however, to the poor liquidity position of the Company, none of the proposed investments had been carried out as at the time of the **IMAS** survey in June 1991.

1.2.11. Provision had been made in the Company's 1991 budget, however, for major investments as shown below:-

-	Rewiring of Electrical Installations	US $ 14,300.00
-	Production Plant and Machinery	US $ 88,572.00
-	Fire Fighting Equipment	US $ 28,572.00
-	Cars and Vehicles	US $ 82,857.00
	T O T A L	US $214,301.00

+ US $1.00 equivalent to 700.00 U Sh.

1.2.12. It was clear from the details of proposed major capital expenditure in 1991 given above that significant additional capital expenditure would be required during 1992 and 1993 in order to achieve the level of capital expenditure recommended in the Management Audit Report.

1.3. Finance and Accounting

1.3.1. Based upon the capacity utilization of 20.8% achieved during the period January to June, 1991, the Company was operating below its breakeven capacity utilization of 503,000 litres sales at a cost of 1,115,000 USh. *(ie. 28.5% of installed capacity).*

1.3.2. The Company was therefore experiencing serious liquidity problems and an increase in its overdraft facility from the April, 1990 level of 60 million USh. to 85 million USh. in 1991 had not eased the situation.

1.3.3. At the time of the Management Audit, the Accounts Department of **EADL** was understaffed and an integrated budgeting, costing, controlling and planning system was not being followed by the Company.

1.3.4. As a result of the recommendations of the Management Audit Report, an Assistant Accountant was recruited and put in-charge of costing and budgeting.

1.3.5. A cost centre had been created for the Production Department with sub-cost centres covering the processes of Enguli or raw spirit receipts, distillation, blending and bottling.

1.3.6. In addition, two cost centres had been created to cover Administration and Sales.

1.3.7. To a large extent however, an integrated planning, budgeting and controlling/steering management system was still a long way off as staff appreciation of the need for such an integrated system had only recently started growing and the system in place was largely rudimentary and required comprehensive development. Though budgeted targets were being compared to actual results, variances were so high, due to unrealistic targets set in the budgets as well as failure to adopt moving budgets, that insufficient or inadequate controlling/steering of the affairs of the Company could be achieved.

1.3.8. The Consultants therefore recommended that a five-year Corporate Plan covering the period 1992 to 1996 should be prepared.

1.3.9. From the targets and projections spelt out in the Corporate Plan, annual budgets were to be derived and performance monitored through costing and reporting on daily, weekly, monthly, quarterly and yearly basis.

1.3.10. Variances from planned targets were to be analyzed on a regular basis with a view to improving on performance in favourable areas and eliminating shortcomings which had led to unfavourable variances.

1.3.11. Furthermore, staff of **EADL** were advised to not only assign reasons for unfavourable variances but also give details of follow-up action to be adopted to turn-around unfavourable variances in subsequent periods.

1.3.12. In addition, cost centres covering the undermentioned areas were to be set up in order to ensure that all facets of operations of **EADL** were covered under the comprehensive costing system to be introduced.

1.3.13. When fully operational, it was expected that the following cost centres and sub-cost centres would be set up.

Cost Centre	Sub-Cost Centre
1) Production and Related Activities	- Procurement - Raw Spirits (Enguli) Store - Distilling - Blending - Filtration - Bottling - Packing - Utilities (steam generatn electric power and diesel generator) - Workshop/Garage
2) Maintenance	
3) General Administration (Including General Manager's Office)	
4) Marketing	- Marketing - Sales Local - Sales Export
5) Human Resources Management (Personnel)	
6) Finance and Accounting	
7) Internal Audit	

1.3.14. Use of the personal computers of the Company to increasingly achieve the objective of introducing an integrated system of planning, budgeting, costing, controlling and management information/reporting was to be encouraged and developed.

1.3.15. At the time of the **IMAS** survey, it was observed that through the assistance of personnel from **PIES**, the Accounts Department of **EADI** had been able to introduce a Chart of Accounts developed by **PIES**, which was expected to form the basis of an integrated planning, budgeting, costing, reporting and controlling system in the future.

1.3.16. The **IMAS** Specialist in Finance and Accounting therefore built on and consolidated the gains made by the installation of the Chart of Accounts in the personal computers of the Company. In addition, a strategy to progressively increase the knowledge of staff on its use within an integrated Management Information System was adopted.

1.4. Marketing and Sales

1.4.1. A major marketing problem which faced the Company was the fact that its sales prices in June 1991 were so high that its products could be afforded by only middle-income and high-income class citizens. However, middle and high-income class citizens preferred higher quality imported alcoholic drinks. Furthermore, distribution of the Company's products was largely done in the Central Region, in and around Kampala. Since the majority of the local population live in rural areas and prefer to consume crude enguli because of its cheaper price, the major source of competition for the Company's products was assessed to be from crude waragi distilling.

1.4.2. At the time of the Management Audit of the Company's operations, little or no marketing was done by **EADL**. Sales were mainly to retailers *(about 70%)* and direct to consumers *(about 5% to 9%)* with the rest through wholesalers.

1.4.3. Furthermore, 70% of sales were made in the Central Region, in and around Kampala, with very little sales up-country.

1.4.4. No comprehensive marketing programme was being followed under which market research, sales planning, sales controlling, advertising and promotion were properly co-ordinated.

1.4.5. As at the time of the **IMAS** survey, there had been little improvement in the situation, if any.

1.4.6. It was observed by the Consultants that the Sales Department as organized and staffed in June, 1991 would not be capable of introducing the comprehensive marketing programme envisaged and sustain the aggressive marketing strategies that were necessary to enable the Company increase its sales and penetrate the export market.

1.4.7. The Consultants therefore recommended the reorganization and strengthening of the Sales Department of **EADL** mainly by redesignating the Sales Department as a Marketing and Sales Department, appointing a suitably qualified and experienced Marketing Manager, recruiting an Export Manager, creating a position for a Marketing Services Officer, who would be responsible for market research, sales planning, sales controlling, advertising and promotion and creating a position for a Sales Officer, who would be responsible for local sales.

1.4.8. Although exports were targeted at 6% of output in the Company's Corporate Plan for 1988 - 1990, very little if any success in exports had been recorded by the Company at the time o. the **IMAS** survey.

Since successful export of the Company's products was one sure way of solving the foreign exchange availability problems facing the Company, it was recommended that a target of exporting at least 5% of output by the end of 1992 should be set for the Company. This target was therefore discussed and agreed with the Management of **EADL**.

1.4.9. The Consultants assisted the Company with the necessary market research, export planning and point of sale marketing strategies to achieve this target by the end of 1992.

1.4.10. Furthermore, the Consultants assisted the Department to draw up and implement a comprehensive marketing programme.

1.4.11. The Consultants also recommended the introduction of sales-related incentives to be given to salesmen based upon their exceeding sales targets set for them. This measure was also discussed and agreed with the Management of **EADL**.

1.5. Human Resources Management

1.5.1. The Company employed 98 members of staff at the time of the **IMAS** survey. Considering the low capacity utilization of about 20%, the number of staff was considered to be on the high side.

1.5.2. However, due to the recommended strategy of increasing the Company's capacity utilization, a staff redundancy exercise was not recommended.

1.5.3. The Consultants were of the view, however, that as the liquidity position of the Company improved in the near future, it would be necessary for the Company to adopt a productivity-based incentive or bonus remuneration package for its staff under which staff would be paid bonuses for exceeding output and sales targets set for them on monthly basis with a view to boosting productivity.

1.5.4. Furthermore, an objective staff appraisal system was to be introduced as soon as possible in order for staff performance to be appraised objectively and thus help to increase productivity by providing an objective basis for reviewing staff remuneration levels depending on standards of performance.

1.5.5. In order to get the best personnel recruited into the Company, an objective personnel recruitment procedure was determined, agreed upon and introduced.

1.5.6. The Consultants found during their survey of **EADL** that lack of a systematic manpower development programme, under which staff receive structured training, was one of the main causes of low staff productivity in the Company.

1.5.7. It was therefore agreed with the Management of **EADL** that the Management Specialist of **IMAS** should assist the Personnel Department of **EADL** to prepare a comprehensive structured training programme to cover carefully selected staff of the Company in order to ensure their proper development in accordance with the Company's requirements for personnel development.

1.5.8. Finally, it was also agreed with the Management of **EADL** that an organizational chart should be prepared for the Company incorporating the proposed re-organization of the Sales Department and the creation of the new Internal Audit Department which had been set up.

1.5.9. In addition, job descriptions for all first, second and third line management personnel were prepared together with man-specifications for the various positions that were covered.

1.6. Strategy and Corporate Planning

1.6.1. In 1988, the Company prepared a four-year Corporate Plan covering the period 1988 to 1992, under which capacity utilization of 90% *(1,584,000 litres)* was projected for 1991.

1.6.2. As mentioned earlier on in this report, capacity utilization as at 30th June, 1991 averaged only 20.8%. The seemingly dismal performance of **EADL**, when compared to the planned level of performance of 90% capacity utilization, showed the extent of unrealistic target setting that characterized the previous corporate planning process.

1.6.3. Insufficient attention was given to the effects of macro- and micro-environmental factors on the operations of the Company as well as to the strengths and weaknesses of the Company that would affect its performance during the plan period.

1.6.4. Furthermore, the mission of the Company, its vision of what it should become by the end of the plan period and elements of its basic strategy were not communicated to all employees of the Company.

1.6.5. The end result was that most staff were not aware of the planned targets or the strategies that had to be adopted in order to achieve goals of the Company.

1.6.6. The Corporate Plan therefore remained a plan on paper and did not serve its purpose of guiding individual staff action towards the collective goals of the organization.

1.6.7. During the interview of the top management and Heads of Department of **EADL**, therefore, the faults in the previous corporate planning process were brought to light, discussed at length and ways of adopting the right methods of Corporate Planning agreed upon.

1.6.8. It was agreed that the **IMAS** Corporate Planning Specialist should assist the Management of **EADL** to draw up another Corporate Plan for the period 1992 to 1996.

1.7. Internal Audit

1.7.1. At the time of the Management Audit there was no Internal Auditor at post. A recommendation was therefore made that an Internal Auditor should be appointed with a view to getting him to review all systems of internal control and procedures to eliminate any inherent weaknesses.

1.7.2. At the time of the **IMAS** survey, an Internal Auditor had been appointed by the Company and he was in the process of designing internal control questionnaires to be used to help him review existing procedures and systems of internal control in the Company.

1.7.3. It was discussed and agreed with the Management of **EADL** that **IMAS** Consultants should assist the new Internal Auditor to quickly complete design work on the internal control questionnaires in order for him to start actual work on reviewing the existing systems.

1.7.4. The Consultants view, that work of the Internal Auditor should not only be limited to the traditional area of pre- and post-auditing of transactions as well as vouching of documents but should also focus on timely submission of management information reports, regular review of management systems and procedures as well as auditing of EDP based accounting systems, was impressed upon the Management of **EADL** and broad agreement reached on how best to assist the new Internal Auditor during the period of the **IMAS** Technical Assistance to achieve the above-mentioned objectives.

1.8. Future Strategy

1.8.1. With the foregoing points in mind, agreement was reached with the Management of EADL that the future strategy to be followed by the Company was to be composed of the following elements:-

(1) Introduce aggressive marketing and sales orientation in the Company by re-organizing the Sales Department, adopting a comprehensive marketing programme, training/appointing suitably qualified and experienced personnel, conducting necessary market research, sales planning and sales controlling as well as adopting more aggressive advertising and sales promotion strategies.

(2) Penetrate international export markets with the Company's products and export 20% of total output by the end of 1996.

(3) Increase capacity utilization to an average of 50% by the end of 1996.

(4) Secure adequate working capital and plan for more efficient management of the Company's working capital through introducing daily, weekly, monthly, quarterly and annual cash budgets and cash flow statements.

(5) Introduce a system of pricing that is based on proper costing of unit production costs, which are subsequently adjusted by market-related factors to arrive at prices which are affordable by consumers through taking advantage of the lower prices to be made possible by increased capacity utilization.

(6) Improve quality control during all stages of the production process.

(7) Increase productivity in the Company as a whole through adopting structured staff training programmes productivity-based incentive/bonus schemes, and objective staff performance appraisal schemes.

(8) Establish an effective management information system which is backed up by adequate budgeting, costing, reporting and controlling systems.
Under such a system, costs would be broken down into fixed and variable costs as well as controllable and non-controllable costs which would be allocated to responsibility centres for effective controlling and steering of the Company's operations.

(9) Establish an effective Internal Audit Department in the Company and thereby enable it review management systems and procedures regularly with a view to improving on these systems or procedures in addition to the traditional internal auditing functions of pre- and post auditing of transactions/vouching of documents.

1.9. Programmes Followed By IMAS Consultants

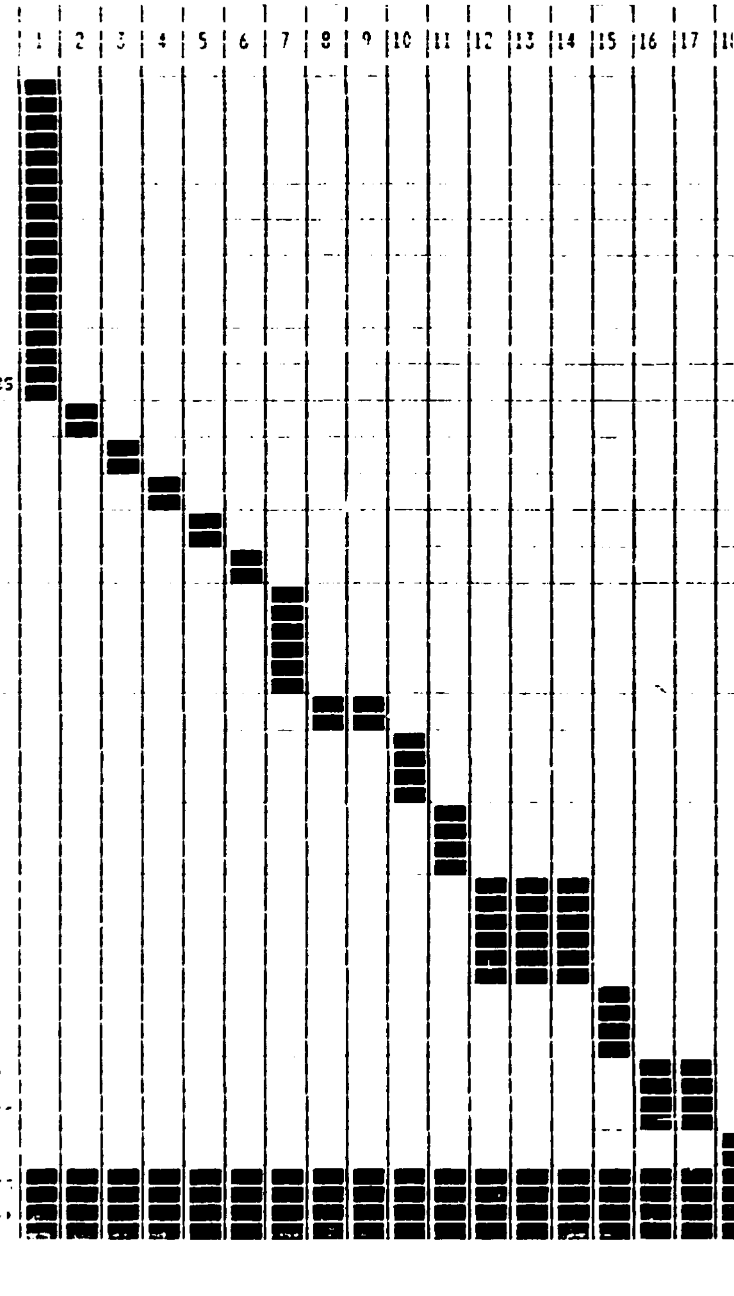
1.9.1. With a view to assisting staff of the East African Distilleries Limited to achieve the various elements of the basic strategy outlined above, the three Consultants of **IMAS** followed the programmes shown on the next three pages.

TABLE 1a

PROGRAMME FOLLOWED BY MANAGEMENT, STRATEGY AND CORPORATE PLANNING SPECIALIST - 22ND JULY, 1991 TO 14TH AUGUST, 1991

ACTIVITY

DURATION (CONSULTANT DAYS)



1. Organise one-day workshop to educate General Manager and all Heads of Department on "THE CORPORATE PLANNING PROCESS" including SWOT analysis.
   - Agree on Corporate Mission Statement
   - Agree on Corporate Vision Statement
   - Agree on Elements of Basic Strategy and other strategies deriving therefrom
   - Agree on Departmental Objectives
   - Coordination to define an integrated system of objectives
2. Assist Production Dept. to prepare Departmental Plan
3. Assist Marketing and Sales Dept. to prepare Depart. Plan
4. Assist Accounts and Finance Dept. to prepare Depart. Plan
5. Assist Personnel Department to prepare Departmental Plan
6. Assist Internal Audit Dept. to prepare Departmental Plan
7. Organise one-day workshop to co-ordinate and agree on Departmental Plans and explain monitoring and evaluation of performance in terms of planned targets
8. Supervise preparation of Corporate Plan document
9. Arrange and facilitate appraisal of plan and adoption of plan by Management
10. Prepare and discuss with General Manager revised organization structure
11. Prepare job descriptions and specifications for General Manager, all Heads of Dep. [illegible], second and third level senior staff including Sectional Heads
12. Assist with preparation of revised staff performance appraisal forms and review appraisal process
13. Assist with preparation of Personnel Development Programme (training and manpower development programme) for all Depts
14. Assist with review of staff recruitment procedures
15. Co-ordination of work of two specialists in Marketing/Sales and Finance/Acctg. as well as writing of Draft Final Report

TABLE 1b

PROGRAMME FOLLOWED BY FINANCE AND ACCOUNTING SPECIALIST - 22ND JULY, 1991 TO 16TH AUGUST, 1991

ACTIVITY	DURATION (CONSULTANT DAYS) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. Review all Company operations and recommend areas of possible cost reductions	■																			
2. Plan and assist with development of integrated planning, budgeting, costing, reporting and controlling management system using PIES Financial and Costing Manuals as basis.		■	■	■																
3. Detailed Budgeting Development					■															
4. Detailed Costing System Development						■	■													
5. Detailed Reporting System Development								■	■											
6. Detailed Controlling System Development										■										
7. Assist with trial runs of Budgeting, Costing, Reporting and Controlling Systems											■	■	■	■	■					
8. Assist with Development and Implementation of Financial Planning Systems																■				
9. Assist with Development and Implementation of a Liquidity Control System																	■			
Assist together with PIES with extension of computerization to cover integrated Planning, Budgeting, Costing, Reporting and Controlling Systems																		■		
. Monitor and assist with implementation of overall system																			■	■
. Write, submit and discuss Draft Final Report on overall assignment	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

TABLE 1c

PROGRAMME FOLLOWED BY MARKETING/SALES SPECIALIST
- 22ND JULY, 1991 TO 16TH AUGUST, 1991

CTIVITY	DURATION (CONSULTANT DAYS) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
ntroduce new Marketing Concepts and Strategies	■																			
orecasting of markets (existing and potential)		■																		
ntroduction of Marketing Research Concepts nd explanation of relevance to Company			■																	
eorganization of Department into Marketing, ales and Export Sections				■																
ssist with setting of Sales Targets					■															
raining of selected Sales Personnel on-the-job						■	■													
eview and assist Company with Pricing Policy								■												
stablishment of a Reporting and Controlling ystem, by product, market segment and channel f distribution									■											
ssist with Review of physical distribution [illegible] review, assist with improvement of romotion and advertising										■										
eview and assist with transportation of products											■									
ssist with development of strategy for Export												■								
ssist with groundwork for export execution													■							
ssist with product innovation studies														■						
onitor and assist with implementation of new [illegible]															■	■	■	■	■	■
[illegible], submit and discuss Draft Final Report assignments (1) to (15) above	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

PART II: CORPORATE PLAN FOR EAST AFRICAN DISTILLERIES LIMITED (1992 - 1996)

CHAPTER 2.0. INTRODUCTION

CORPORATE PLAN FOR EAST AFRICAN DISTILLERIES LIMITED (1992-1996)

2.0. INTRODUCTION

2.1. Organization of Corporate Plan

2.1.1. The Corporate Plan of **East African Distilleries Limited** *(EADL)*, for the period 1992 to 1996 is made up of four main parts.

2.1.2. Part I of the Corporate Plan comprises an introduction which covers the detailed Organization of the Corporate Plan and also gives some background information on the Technical Assistance Contract under which the Corporate Plan was prepared. In addition, this part gives some background information on the Company as well as information on the state of affairs of the Company's business at the time of the **IMAS** survey including problems facing **EADL**. Part I of the Corporate Plan also covers the expected outcome of the Corporate Plan.

2.1.3. In Part II of the Corporate Plan, the Corporate Mission and Corporate Vision Statements of **EADL** are presented after a brief analysis of the opportunities and threats posed by the environment within which **EADL** operates as well as the internal strengths and weaknesses of the Company.

2.1.4. In addition to the Corporate Mission and Corporate Vision Statements, the main objectives of **EADL** which are derived from the Corporate Mission and Corporate Vision Statements are also presented together with broad strategies to be pursued by **EADL** during the Plan Period.

2.1.5. Part III of the Corporate Plan comprises a section which gives details of tactical, short-term action programmes to be followed by **EADL** in pursuance of the broad strategies outlined in Part II of the Corporate Plan, as well as a section that shows details of the major assumptions made during the planning process and details of Projected Profit and Loss Statements, Projected Balance Sheets and Projected Cash Flow Statements of **EADL** for all years from 1992 to 1996, both years inclusive.

2.1.6. Part IV of the Corporate Plan gives a brief summary of the expected outcome of the Corporate Plan and ends with the Consultants conclusions on the Corporate Plan.

2.2. Background

2.2.1. Since 1970, performance of the Public Industrial Enterprises Sector in Uganda has been characterized by low capacity utilization *(between 10 - 25% in most cases)*, lack of an integrated system of planning, budgeting, costing, management information, controlling and steering of the Public Industrial Enterprises, absence of aggressive marketing strategies and low productivity.

2.2.2. To reverse the situation, a recovery programme was launched in 1982. As part of the recovery programme in 1990, selected Public Industrial Enterprises received management auditing which aimed at recommending steps to increase the efficiency, production capability, productivity and control of the affected enterprises.

2.2.3. The Management Audit Reports recommended that general management training required in the enterprises would be better performed through on-the-job training given by highly experienced external consultants to guide the actual managers in the enterprises.

2.2.4. This Corporate Plan was therefore, prepared by **EADL** with Technical Assistance and on-the-job training given to **EADL** in July, 1991 by Consultants of **Industrial and Management Services Limited** *(IMAS)*, Ghana under the Project - **BR/UGA/89/001** of the Public Industrial Enterprises Secretariat, *(PIES)*, Uganda.

2.2.5. *Ownership of East African Distilleries Limited*

The **East African Distilleries Limited** *(EADL)* is jointly owned by the **Uganda Development Corporation** *(51% shareholding)*, the **Development Finance Company of Uganda** *(23% shareholding)* and **Duncan, Gilbeys and Matheson** *(26% shareholding)*.

The Company was established in 1963.

2.3. State of the Company's Business and Expected Outcome of Corporate Plan

2.3.1. *Product Mix*

EADL produces four different products namely, Uganda Waragi, Mark Royal Whisky, Queen Elizabeth Dry Gin and Reine Marie Brandy. The Company's product mix is as shown on the next page.

Product	% of Total Production
Uganda Waragi	81.0
Mark Royal Whisky	3.0
Queen Elizabeth Dry Gin	10.0
Reine Marie Brandy	6.0

	100.0%
	=====

2.3.2. *Capacity Utilization*

As at the end of June, 1991 when this Corporate Plan was being prepared, capacity utilization during the period 1st January, 1991 to 30th June, 1991 averaged 20.8%.

Capacity utilization of **EADL** over the last three years had been as follows:-

Year	Capacity Utilization
1988	15%
1989	23%
1990	22%

With the steady decline in production output since 1989, it is necessary for measures to be adopted to turn around the situation during the plan period.

The main problems constraining an increase in production capacity are lack of foreign exchange to meet the cost of imported raw materials, high levels of government sales tax and excise duty, inadequate working capital, frequent water supply interruptions, slow rate of return of empty bottles, high sales prices and lack of aggressive marketing.

EADL has an installed capacity of 1,760,000 litres of assorted spirits per annum. At the time the Corporate Plan was being prepared, production averaged 366,080 litres or about 46,933 cases of assorted spirits per annum.

2.4. Condition of Production Plant and Equipment

2.4.1. *Enguli Depot and Storage Tanks*

This is the Depot which receives raw enguli for storage. Losses occur at the Depot due to leakages and evaporation. In addition, storage of low grade alcohol causes corrosion in the Company's storage tanks. At the time this Plan was being prepared, one of the Company's two large storage tanks was being rehabilitated due to damage it had suffered as a result of corrosion.

The Company relied heavily on spirit industrial alcohol supplied by the Sugar Corporation of Uganda, Lugazi *(SCOUL)*. There was therefore the need to diversify its sources of raw alcohol in order to avoid over dependence on one source.

2.4.2. *Distillation*

Distilling output was estimated to be about 81% of the technically feasible output when low grade alcohol was used due to heavy losses during the process of rectification. Otherwise, the condition of the stripping column, rectifying column and condensers was fairly good.

The cooling tower serving the rectifying unit required new filler materials which were estimated to cost US$11,346.00.

In addition, one rotary pump was required to pump water for cooling during the distillation process. It was estimated to cost US $1,500.00.

2.4.3. *Blending*

The condition of blending vessels was fairly good.

2.4.4. *Filtration*

A Filter press had to be replaced at an estimated cost of US $55,110.00 to facilitate filtration of the final product.

2.4.5. *Electrical Installations*

The condition of most electrical installations was very poor indeed and extensive re-wiring as well as replacement of all switch cabinets, switch devices and control instruments would be required. Necessary expenditure was estimated at US $15,000.00.

2.4.6. *Bottle Washing*

The Bottle Washer needed replacement and this was expected to be done during the first year of the plan period at an estimated cost of US $50,100.00.

2.4.7. *Labelling Machine*

A standard bottle labelling machine *(1.5 kw/h)* was required to replace the bottle labelling machine in use at the time, which was faulty and constituted a bottleneck in the production process. It was estimated to cost US$105,000.00 and its acquisition was considered desirable during the first year of the plan period.

2.4.8. *Boiler*

The three-gas-pass boiler of the Company was manufactured in 1964. Inspite of its age, a few of its parts were in a fair condition. However, it was considered necessary for the boiler to be replaced in 1993, at an estimated cost of US $830,000.00 in view of the projected increase in capacity utilization.

2.4.9. *Bottling Lines*

The Company has two bottling lines *(one automatic and the other semi-automatic)*. The capacity of the two bottling lines was considered sufficient to meet the needs of the Company during the Plan Period.

2.4.10 *Totapack Machine*

The Company's new Totapack Machine was in a fairly good condition.

2.4.11 *Heat Shrinking Machine*

A Heat Shrinking machine was required for the Company at an estimated cost of US $9,700.00.

2.4.12 *Workshop Shed*

A Workshop Shed and additional workshop equipment were required at an estimated total cost of US $10,500.00.

2.4.13 *Total Investment for Production Plant and Equipment*

During the Plan Period therefore, it was planned to spend a total of US $1,088,256.00 on investments to keep the Production Plant and equipment in a peak condition consistent with the projected increases in capacity utilization.

2.5. Areas of Possible Cost Reductions During Plan Period

2.5.1. During the Plan, it is expected that action will be taken to minimize losses during the production process in the following areas:-

- *Reduce losses of Enguli and Spirit Alcohol through evaporation and leakages.*
- *Reduce quantity of water wasted during production process due to ineffectiveness of cooling tower.*
- *Reduce bottle breakages during bottling, bottle washing and during bottle transfers.*
- *Reduce machinery down-time due to repairs.*

2.6. Bill of Materials Required for Production During Plan Period

2.6.1. Based upon the projected capacity utilization increases during the Plan Period, the materials shown in *Appendix 1* are expected to be used to produce the products indicated in *Appendices 2(a) and 2(b)*.

2.7. Marketing and Sales

2.7.1. A major marketing problem facing the Company is the fact that its present sales prices are so high that its products can be afforded by only middle-income and high-income class citizens. However, middle and high-income class citizens prefer higher quality imported alcoholic drinks.

2.7.2. Furthermore, distribution of the Company's products is largely done in the Central Region, particularly, in and around Kampala. At the time the Corporate Plan was being prepared, 70% of sales of the Company's products was in the Kampala area.

2.7.3. Since 90% of the country's population live in rural areas and prefer to consume crude enguli because of its lower price, the major source of competition for the Company's products is from crude waragi distilling.

2.7.4. Currently, aggressive marketing strategies are not followed by the Company. Sales are mainly to retailers *(about 70%)* and direct to consumers *(about 5% to 9%)* with the rest through agents. It is therefore planned to balance the Company's distribution channel-mix by the end of the Plan Period.

2.7.5. **EADL** does not have a comprehensive marketing programme under which market research, sales planning and sales controlling, advertising and promotion are properly coordinated.

2.7.6. It is therefore planned to introduce a comprehensive marketing programme during the Plan Period under which aggressive marketing strategies will be pursued to enable the Company achieve its sales targets.

2.7.7. It is also planned to introduce sales-related incentives, which will be set for the Company as a means of boosting the morale of its sales personnel as well as Agents and Wholesalers and, thereby, help to increase sales of the Company's products.

2.7.8. Due to the fact that the capacity of the production plant of the Company *(ie. 1,760,000 litres)* is higher than the current estimated level of national consumption of spirits *(estimated at about 800,000 litres)*, it is necessary for the Company to export some of its products as capacity utilization increases during the Plan Period.

2.7.9. Exporting some of the Company's products will also help the Company to earn convertible foreign currency to meet part of the cost of its imported inputs. It is therefore planned to export some of the Company's products during the Plan Period.

2.7.10. Towards this end, necessary market research is planned to help determine the potential of selected export markets, customer preferences in terms of quality, taste, price and packaging of **EADL** products as well as the best distribution channel to be used for the target export markets.

2.7.11. In view of the aggressive marketing policies that are expected to be pursued during the Plan Period, it is planned to reorganize the present Sales Department into a Marketing and Sales Department and all vacancies in the new department filled during the early part of the first year of the Plan Period.

2.7.12. As part of the reorganization of the Sales Department, the following personnel who must be suitably qualified and experienced are expected to be appointed:

- *Marketing and Sales Manager*
- *Marketing and Services Officer*
- *Export Officer*

2.8. Finance and Accounting

2.8.1. The Accounts Department of **EADL** is sufficiently staffed to perform its normal functions.

2.8.2. To a large extent however, an integrated planning, budgeting, costing, reporting and controlling/steering system is absent.

2.8.3. Staff in the department appreciate the need for such an integrated system and are therefore keen to develop the present rudimentary system into a comprehensive and integrated one.

2.8.4. It is planned, therefore, to derive annual budgets from this Corporate Plan after which performance will be closely monitored through costing and reporting on daily, weekly, monthly, quarterly and annual basis.

2.8.5. Furthermore, costs which will be split into fixed and variable components, will be allocated to various cost centres and responsible officers held accountable for cost overruns. Variances from planned targets would be analyzed on regular basis with a view to improving on performance of responsibility centres in favourable areas and eliminating shortcomings that have led to unfavourable variances.

2.8.6. As part of modernizing the accounting system of **EADL**, it is planned to use the personal computers of the Company to facilitate the development of an integrated system of planning, budgeting, costing, reporting and controlling.

2.8.7. In this regard, it is planned to introduce a revised Chart of Accounts prepared by **PIES** and progressively extend Computer Applications in the Company during the Plan Period.

2.8.8. When fully operational, it is expected that the following cost centres and sub-cost centres will be set up in the Company.

Cost Centre	Sub-Cost Centre
1. Production and Related Activities	- Procurement
	- Raw Spirits (Enguli) Store
	- Distilling
	- Blending
	- Filtration
	- Bottling
	- Packing
	- Utilities (Steam generation, water, power generator & Electricity
	- General
2. Maintenance	- Workshop/Garage
	- Estate
3. General Administration (including General Manager's Office)	- General Services
	- Security
4. Marketing	- Marketing Services
	- Sales - Local
	- Sales - Export
5. Human Resources Management	- Personnel

2.8.9. Due to the poor liquidity position of the Company, it is necessary for greater emphasis to be placed on financial planning and working capital management by the Company during the Plan Period.

2.8.10. It is therefore planned to adopt systematic short-term financial planning and working capital management during the Plan Period under which daily, weekly, monthly, quarterly and annual cash budgets will be prepared and actual performance compared to budgeted targets for necessary control measures to be taken.

2.9. Human Resources Management

2.9.1. **EADL** employs a total of 98 members of staff at present. Considering the low capacity utilization of about 20.8%, the number of staff is on the high side.

2.9.2. However, in view of the planned increase in capacity utilization of the Company during the period 1992 to 1996, it is not planned to reduce the number of staff. If the need arises for additional workers during the Plan Period, only casual staff will be recruited for specific assignments and laid off afterwards.

2.9.3. It is also planned to motivate staff to increase productivity through increasing wages and salaries, implementing structured training programmes, as well as through linking the remuneration package to productivity increases by introducing an objective staff performance evaluation system.

2.9.4. Furthermore, it is planned to develop a comprehensive organizational and personnel manual covering the proposed re-organization of the Company, a revised organizational chart, job descriptions, man-specifications, progression schemes for various staff, conditions of service of staff, promotion policy and training policy of the Company.

2.10. Internal Audit

2.10.1. The Internal Audit Department of **EADL** has recently been strengthened with the appointment of an Internal Auditor.

2.10.2. It is planned to develop internal control questionnaires which will subsequently be used to search for and remove any weaknesses in the present systems of internal control.

2.10.3. In addition, it is planned to carry out management audit of various sections of the Company in order to ensure that procedures and management systems in use during the Plan Period will be effective and efficient as well as safeguard the assets of the Company.

CHAPTER 3.0. ASSESSMENT OF THE COMPANY AND ITS ENVIRONMENT

3.0. ASSESSMENT OF THE COMPANY AND ITS ENVIRONMENT

3.1. Assessment of the Company

3.1.1. *Human Resources*

The training efforts, employment procedures, staff performance appraisal methods, remuneration schemes and organizational structure of the Company are all assessed as rather weak in terms of propelling the Company towards achieving its strategic goals and therefore need to be strengthened considerably during the Plan Period.

3.1.2. *Production and Related Activities*

The general condition of the Company's plant, vehicles and equipment, preventive maintenance schemes, methods of repairs, quality control efforts, procurement and production process are fairly good in terms of facilitating the achievement of the Company's objectives. However, there will be the need to improve upon them significantly during the Plan Period due to the planned increase in capacity utilization.

3.1.3. *Marketing*

The extent to which the Company carries out market research, its distribution methods, pricing, advertising and promotion policies, its training efforts for sales personnel, number of sales personnel, sales planning and sales controlling are rather weak and need to be significantly improved during the Plan Period.

3.1.4. *Finance and Accounting*

Planning, budgeting, calculation of unit production cost, general accounting procedures and performance of accounting personnel is fairly satisfactory.

However, it is planned to improve upon them during the Plan Period as well as significantly improve upon present weaknesses in costing, computerization, controlling and up-to-date reporting.

3.2. Assessment of the Company's Environment

A number of threats may be faced by the Company during the period 1992 to 1996.

During the Plan Period, it is expected that the present premium between the official exchange rate of the Uganda Shilling to the US Dollar will be progressively reduced thus making the cost of imported raw materials much higher than at present.

Though the cost of debt *(ie. interest rates on borrowed capital)* is ultimately expected to come down, it is not expected to fall to a level which will translate into a significant reduction in the Company's cost of borrowed funds during the Plan Period.

The progressive liberalization of the economy and possible reductions in the tariffs imposed on imported spirits could significantly affect demand for the Company's products.

Furthermore, production of the Company's competitors could also affect adversely, demand for the Company's products.

At the same time, a number of opportunities may arise which the Company could take advantage of. For example, it is expected that with the gradual improvement in the economy, infrastructural services would also improve and thus make it possible for the Company to distribute its products more widely than at present.

Furthermore, the disposable income of the majority of Ugandans would be expected to increase, which would thus help to increase demand for spirits.

In addition, further reductions in Sales Tax and Excise Duty during the Plan Period could help to boost demand for spirits by making spirits sold by the Company cheaper.

3.3. Corporate Mission and Corporate Vision Statements

In the light of the opportunities and threats presented by the Company's environment and its own internal strengths and weaknesses, the Company's mission, which expresses its underlying purpose during the Plan Period is stated as follows:-

"The Core Business of the East African Distilleries Limited is to produce and market affordable alcoholic and related drinks of the highest quality at a level of capacity utilization consistent with long-term sustainable growth at the highest level of profitability."

The Corporate Vision of **EADL** which covers the scope of products to be produced by the Company during the Plan Period and also outlines what **EADL** wishes to become as a Company by the end of the Plan Period is expressed as:-

"To become the market leader of affordable and high quality alcoholic and related drinks as well as the leading exporter of waragi products on the international market."

3.4. Objectives

3.4.1. *Capacity Utilization*

A main objective of **EADL** during the Plan Period is to increase its production of assorted spirits from the present 366,080 litres *(20.8% capacity utilization)* to 880,000 litres *(50% capacity utilization)* by 1996 as follows:-

Year	% Capacity Utilization	Litres
1992	30	528,000
1993	35	616,000
1994	40	704,000
1995	45	792,000
1996	50	880,000

3.4.2. *Exports*

EADL plans to export 2% to its total output *(i.e 10560 litres)* in 1992 and to increase the percentage of output exported to 10% *(i.e 88,000 litres)* in 1996 as follows:-

Year	% of Total Output to be Exported	Total Output in Litres	Total Output to be Exported in Litres
1992	2	528,000	10560
1993	5	616,000	30800
1994	5	704,000	35200
1995	8	792,000	63360
1996	10	880,000	88000

3.4.3. *Quality*

A key objective of **EADL** during the Plan Period is to significantly improve the quality of its products during the Plan Period.

In order to achieve this objective, it is planned to purchase additional equipment and chemicals for the Company's laboratory by the end of 1996.

3.4.4. *Cost Control*

The Company plans to cut down the cost of its operations by a significant margin during the Plan Period. *(See Appendix 10 for quantified targets in terms of expected financial ratios).*

3.4.5. *Marketing*

EADL's objective in the field of marketing is to improve its market share through adopting aggressive marketing strategies on both the local and international markets as well as to reduce the cost of its marketing and distribution activities.

3.4.6. *Finance and Accounting*

The **EADL** objective in the fields of Finance and Accounting is to modernise its accounting system by, among other things, computerizing operations as well as adopting an integrated planning, budgeting, costing and controlling system.

In addition, the Company plans to improve its financial planning and working capital management.

3.4.7. *Human Resources Management*

The objective of the Company in this field during the Plan Period is to significantly improve productivity of staff through adopting a comprehensive personnel programme, objective recruitment and staff performance appraisal policies.

In addition, increases of salaries and wages of staff will be linked to productivity increases that are achieved by staff during the Plan Period and staff made to follow structured training and manpower development programmes.

3.4.8. *Internal Audit*

The objective of the Internal Audit function during the Plan Period would be to ensure that all company assets are effectively and efficiently used as well as protected from misappropriation or unauthorized diversion.

This objective will be achieved through instituting systems of internal control that will ensure that proper checks and balances exist in the Company to prevent fraud and misappropriation of the Company's assets while at the same time promoting effectiveness and efficiency.

Finally, the Internal Audit function would be expected to reinforce monitoring of the Company's operations as part of the integrated planning, budgeting, costing, reporting and controlling system.

3.5. Broad Strategies

The broad strategies to be pursued by the Company during the Plan Period are listed below and detailed in the Strategy and Action Plan section of this Corporate Plan.

3.5.1. *Strategies to be Followed by the Production Department*

1. Rehabilitate the production line.
2. Improve efficiency to ensure a less costly operation.
3. Upgrade quality control function.
4. Ensure uninterrupted supply of raw materials.
5. Ensure balanced and uninterrupted production.

3.5.2. *Strategies to be Followed by the Marketing Department*

1. Ensure uninterrupted and balanced supply of finished products to all distribution outlets.
2. Ensure affordable prices.
3. Implement effective advertising and promotion.
4. Undertake market research
5. Ensure timely and accurate market information is available at all times for decision making.
6. Train Salesmen.
7. Motivate Salesmen.

3.5.3. *Strategies to be Followed by Finance and Accounting Department*

1. Modernise accounting system.
2. Improve planning and budgeting system.
3. Improve costing and reporting system.
4. Integrate planning, budgeting, costing, reporting and controlling systems.
5. Improve financial planning and working capital management.
6. Compute financial ratios of the Company regularly to facilitate monitoring of the Company's operations.
7. Reduce delays in obtaining foreign exchange for purchases of foreign inputs.
8. Lobby for further tax concessions.
9. Monitor purchases to ensure most favourable prices are obtained.
10. Introduce responsibility accounting.

3.5.4. *Strategies to be Followed by the Personnel Department*

1. Improve productivity and motivation of staff.
2. Prepare comprehensive personnel programme covering:
   - *recruitment*
   - *remuneration schemes*
   - *training schemes*
   - *appraisal of staff.*
3. Improve discipline of staff.
4. Prepare a comprehensive organizational and staff manual, including job descriptions.

3.5.5. *Strategies to be Followed by the Administrative/ Management Department*

1. Re-organize Sales Department into Marketing and Sales Department.
2. Create Export Section within Marketing and Sales Department.
3. Strengthen Personnel Department.
4. Strengthen Internal Audit Department.
5. Remove one-to-one reporting relationships in organization.
6. Assign procurement function to the Production Manager.
7. Place Finished Goods Store under Marketing Department.

3.5.6. *Strategies to be Followed by the Internal Audit Function*

1. Design Internal Control Questionnaires covering all facets of the Company's operations.
2. Test-check all present systems of internal control and submit recommendations thereon for improvement.
3. Review all procedures and management systems to ensure they contribute to optimization of effectiveness and efficiency.
4. Monitor integrated planning, budgeting, costing and controlling system to ensure management reports are submitted on time and corrective follow-up action taken on time.

CHAPTER 4.0. TACTICAL SHORT-TERM ACTION PROGRAMMES AND PROJECTED OPERATING RESULTS

4.0. TACTICAL SHORT-TERM ACTION PROGRAMMES AND PROJECTED OPERATING RESULTS

4.1. Strategies and Detailed Action Plans

The strategies and detailed action plans to be followed by each department of the Company during the Plan Period are presented in Appendices 3(a) to 3(f).

4.2. Projected Profit and Loss Accounts, Cash Flow Statements and Balance Sheets During the Plan Period

4.2.1. *Major Assumptions:*

Production

Production during the Plan Period is expected to be at the following levels of capacity utilization:

1992:	*30%*	-	*528000*	*Litres*
1993:	*35%*	-	*616000*	*Litres*
1994:	*40%*	-	*704000*	*Litres*
1995:	*45%*	-	*792000*	*Litres*
1996:	*50%*	-	*880000*	*Litres*

Cost of Production and Operations

The basis of costing used in the Corporate Plan is the cost structure of the first six months of 1991 from 1st January, 1991 to 30th June, 1991. During this period, the following cost structure was recorded by the Company.

Type of Cost	Average Rate Per Litre
. Variable Production	662.36 Ush.
. Selling and Marketing	36.84 Ush.
. Administration (including Personnel and Audit)	293.61 Ush.
. Accounting and Finance	69.13 Ush.
. Depreciation - Plant	46.67 Ush.
- Other	20.36 Ush.
TOTAL	**1128.97 Ush.**

After June 1991 however, the cost of various raw material inputs increased significantly. For example, prices of Enguli currently averaged 800 USh. per litre on the open market compared to the 250 USh. per litre reflected in the Company's cost structure detailed above whilst the price of spirit alcohol increased by 54% from 468 USh. per litre on average to 720 USh. per litre.

Furthermore, due to the devaluation of the Uganda Shilling, the cost of foreign raw materials such as sentrates and bottles went up by 60%. This resulted from the drop in the value of the Uganda Shilling to the US Dollar from 500 USh., reflected in the cost structure shown above, to 800 USh. in August, 1991. Direct and indirect labour costs were also projected to go up by 300% in 1991.

In 1990 and 1991, cost of sales accounted for 44.2% and 58.6% of total cost respectively. Out of these percentages, direct material costs accounted for an average of 71.3%.

It is therefore important for the purchasing function of **EADL** to be tightly controlled in order to ensure that the most favourable prices are obtained by the Company for its raw material inputs throughout the Plan Period.

Furthermore, the Management of **EADL** should closely observe trends and changes in exchange rates, cost of imported inputs and cost of local purchases in order to adjust sales prices in a timely manner to ensure that losses are avoided.

In order to fully meet the present cost of raw materials however, a further average price increase of 30% was recommended in the early part of the second half of 1991.

In addition, it was expected that before 1992, a further average increase in price of 15% would be implemented. After these price increases however, only marginal price increases have been provided for during the Plan Period in order to demonstrate that the Company can operate profitably even after obtaining additional funding to meet the cost of projected investments and working capital requirements. If however, major shocks occur in the operating environment which drastically affect costs of the Company during the Plan Period, then significant cost reduction programmes coupled with appropriate additional price increases will become necessary.

In such cases, it is assumed that any adverse effects on costs will be compensated for by appropriate adjustments in selling prices.

During the Plan Period therefore, it is assumed that barring any major shocks, average sales prices would be at the following nominal rates:

Year	Average Sales Price	Percentage Increase
1992	5420.45/Litre *	-
1993	5516.23/Litre	1.7%
1994	5612.21/Litre	1.7%
1995	5699.49/Litre	1.5%
1996	5794.32/Litre	1.5%

* *Average ex-factory selling price in July 1991 is 4170.37/Litre.*

4.2.3. *Exchange Rates*

The exchange rate used for projections in the Corporate Plan was assumed to be a constant rate of USh. 960 to US$1.00.

4.2.4. *Credit Sales*

In order to promote affordability of the Company's products as well as pursue the Company's objective of balancing its distribution channel-mix during the Plan Period and thereby sell more of its products through well established wholesalers, a credit sales policy has been assumed during the Plan Period. Under this policy, 60% of the cost of goods sold would have to be paid for on collection and the remaining 40% paid in two equal instalments within 30 days after the date of sale of the products.

4.2.5. *Investments*

In order to rehabilitate the production plant and workshop as well as acquire vehicles, machinery and other equipment that will be required to ensure that the projected increases in capacity utilization are achieved, the Company plans to incur the following capital expenditure during the Plan Period.

			Millions of Ush.
1.	Buildings/Workshop and extension of offices		50
2.	Plant and machinery		
	- Labelling machine	32	
	- Washing machine	120	
	- Bottle mould	35	
	- Control panels and spares	10	
	- Portable pump	1	
	- Filter press	54	
	- Cooling tower filler material	3	
	- Rotary pump	2	
	- Heat Shrinking machine	3	
	- Bottle conveyor	40	
	- Boiler	265	
			565
3.	Equipment and Tools		
	Fire fighting equipment	2	
	Workshop tools & Laboratory Equipment	18	
	Lawn Mower	4	
	Refrigeration Plant	1	
			25
4.	Motor Vehicles		
	- Lorry	27	
	- Pick-up and cars	55	
			82
5.	Office equipment and furniture		
	- Computer	34	
	- Photocopier	4	
	- Switchboard	10	
	- Calculators, furniture and fittings	8	
			56
	TOTAL INVESTMENT		**778**

4.2.6. *Financing the Investment*

It is planned to finance the total cost of the planned investment of USh. 778 million as well as the Company's total requirement of USh. 182 million for working capital through a medium term loan of USh. 960 million and the Company's overdraft facility of USh. 100 million, if the need arises.

However, as shown in the Projected Cash Flow Statements in Appendix 6, it will not be necessary to draw on the Company's overdraft facility if a medium term loan of Ush. 960 million is secured. It has been assumed that the medium term loan, if secured, would be repaid over five years at an interest rate of 40% per annum. *(Please refer to Appendix 7 for details of the loan repayment schedule).*

4.2.7. *Organizational Structure*

In order to achieve the Company's objectives as spelt out in this Corporate Plan, it is expected to re-organize the Company's Organizational Structure in order to provide the type of organizational framework within which staff of the Company can work towards achieving the Company's objectives in the most effective and efficient manner possible.

The present and proposed organizational structures are shown in Appendices 8 and 9.

Under the proposed organizational structure, the Sales Department has been re-organised into a Marketing and Sales Department with separate sections for Marketing Services, Export and Sales.

The position of Marketing Services Officer and Export Officer as well as Marketing and Sales Manager would have to be filled during the Plan Period.

In addition, the Personnel, Production and Accounts Departments would have to be strengthened through the appointment of a Personnel Officer, a Mechanical Engineer and a Management Accountant.

As far as possible, it is planned to re-deploy personnel from elsewhere in the Company to fill these positions except in those cases where suitably qualified personnel cannot be found from within the Company.

4.3. Projected Profit and Loss Accounts

4.3.1. Based upon the sale of the products detailed in Appendix 2 at the average prices indicated in Section 3.2.1 of this Plan, total net sales is expected to increase from 1701 million Ush. in 1992 to 3199 million Ush. in 1996.

4.3.2. From an estimated 51% in 1991, variable production costs as a percentage of net sales is expected to reduce steadily to 38.6% by the end of the Plan Period.

4.3.3. In addition, due to the projected increase in capacity utilization from an estimated 366,080 litres in 1991 to 880,000 litres by the end of the Plan Period, the cost per unit of production is expected to decrease steadily and thereby result in an increase in the net operating profit to sales ratio from an expected negative position at the end of 1991 to 53.5% in 1996. *(Please refer to Appendix 10 for details of financial ratios during the period 1986 to 1989 as well as estimated financial ratios for 1991 and financial ratios targeted for the various years in the Plan Period).*

4.3.4. In keeping with the strategy of reducing costs during the Plan Period, administrative expenses are expected to be reduced from 14.7% of sales in 1992 to 10% of sales by the end of 1996.

4.3.5. In addition, accounting and financial expenses are also planned to be reduced from 24.7% of sales in 1992 to 4.3% of sales by the end of 1996.

4.3.6. In preparing the Projected Profit and Loss Accounts for the years in the Plan Period, it was assumed that no management fee would be paid by **EADL** to UDC.

4.3.7. Provision for depreciation at the rates shown in Appendix 11 has also been made under administrative expenses for each year of the Plan Period. The cost of debt service *(refer to Appendix 7)* has also been provided for in the accounting and financial expenses projected during each year of the Plan Period.

4.3.8. Corporate tax has been assumed to be at a rate of 40% of before-tax profit per financial year during the Plan Period.

4.3.9. The Projected Profit and Loss as well as Appropriation Accounts for all the years in the Plan Period are shown in Appendices 12 and 12(a). Net Profit After Tax is expected to increase from 62 million Ush. in the first year of the Plan Period *(i.e 1992)* to 761 million Ush. in 1996.

4.3.10. As expected from the strategy of balancing the distribution channel-mix of the Company during the Plan Period, the marketing overheads ratio to sales is expected to reduce from 4.7% of sales in 1992 to 4.1% in 1996.

4.3.11. The small reduction in this ratio is however, due to the need to effectively provide sufficient budgetary support to the aggressive marketing strategies that are expected to be pursued during the Plan Period.

4.4. Projected Cash Flow Statements and Balance Sheets

4.4.1. *Creditors and Stock Levels*

In preparing the Cash Flow Statements and Balance Sheets for the various years in the Plan Period, it was assumed that purchases would be made at levels that are high enough to ensure that, on average, almost half of the ensuing years supply of essential imported and local inputs *(excluding enguli)* could be held in stock at the end of each year.

With regard to Enguli, a minimum stock level of 70,000 litres *(sufficient for two months production)* is expected to be held in stock at any time during the Plan Period.

Thus the value of stocks held as a percentage of total purchases is expected to increase from 30.6% in 1992 to 99% in 1996. The policy of holding sufficient quantities of essential inputs in stock is to ensure uninterrupted production during the Plan Period, which has hitherto not been possible due to frequent shortages of essential inputs for production.

4.4.2. *Debtors*

In order to enhance affordability of the Company's products, it is planned to introduce a credit sales policy during the Plan Period. Under the credit sales policy, 60% of the cost of goods bought from the Company is expected to be paid immediately upon purchase and the balance of 40% paid in two equal instalments within 15 and 30 days of the date of purchase.

Thus, the debtors figure in the Balance Sheet at the end of each year is assumed to be at a rate of 20% of sales of the last month of each year. Please refer to Appendices 6, 13, 14, and 15 for the Projected Cash Flow Statements, Balance Sheets, Purchases/Stock Schedules and Sources and Uses of Funds Statements during the Plan Period.

CHAPTER 5.0. EXPECTED OUTCOME OF PLAN AND CONCLUSION

5.0. EXPECTED OUTCOME OF PLAN AND CONCLUSION

5.1. Production

5.1.1. *Capacity Utilization*

By the end of the Plan Period in 1996, it is expected that the following capacity utilization levels would have been achieved.

Year	Percentage Capacity Utilization	Litres
1992	30%	528,000
1993	35%	616,000
1994	40%	704,000
1995	45%	792,000
1996	50%	880,000

5.1.2. *Cost Per Unit Produced*

It is expected that by 1996, a 5% decrease in total production cost per unit would have been achieved as a result of decreases in cost arising from the projected increase in capacity utilization from 30% in 1992 to 50% in 1996.

The unit cost of production expected during each of the years in the Plan Period are shown below:

Year	Percentage Capacity Utilization	Cost Per Unit (Litre) Produced
1992	30%	1609.85 Ush.
1993	35%	1579.55 Ush.
1994	40%	1556.82 Ush.
1995	45%	1540.40 Ush.
1996	50%	1526.13 Ush.

5.1.3. *Replacement of Production Plant, Machinery and Equipment*

It is expected that by the end of the second year of the Plan Period, all necessary replacements of production plant, machinery, equipment and vehicles as well as all relative spare parts would have been completed. The list of production plant, machinery and equipment are shown in Part III of this Corporate Plan.

5.2. Sales and Pricing of Products

5.2.1. *Pricing*

It is expected that, in order to ensure affordability of the Company's products, only the marginal increases in prices indicated in part 3 of this Corporate Plan will be implemented. Consequently, it is planned that barring any major shocks in the external environment, such as a further major devaluation of the Uganda Shilling, only a 7% increase in prices, on average, will be implemented between 1992 and 1996. In addition, a credit sales policy will be introduced to facilitate greater affordability.

5.2.2. *Market Segmentation*

The average prices indicated in part 3, of this Corporate Plan are expected to offer the Company flexibility in pricing its products in selected market segments in such a manner as to ensure that the average sales prices indicated are achieved at the end of each year.

Three main market segments are therefore expected to be targeted for sale of the Company's products as follows:

Target Market	Requirements of Market
1) High Income Class Citizens/Export Markets	High quality product, attractive/ unique packaging, special distribution channels to reach target markets and special advertising and promotion packages.
2) Middle Income Class Citizens	High quality product, attractive packaging, competitive price, balanced distribution of brands throughout all channels, point of sale advertising complemented by other methods of aggressive advertising to position products of the Company as offering better value for money than competing local as well as imported spirits.
3) Low Income Class Citizens	High quality product, higher alcohol content, new methods of distribution to reach potential customers and innovative packaging to reduce cost and therefore enable the Company to sell at lower prices.

Due to the significant innovation required, in terms of product adaptation, to meet the needs of the first and third market segments stated above, it is expected that the following targets will be met by the end of the Plan Period with regard to the export and low-income class markets.

5.2.3. *Exports*

It is expected that by the end of the Plan Period, the following export targets would have been met:

Year	Percentage Output to be Exported	Litres
1992	2	10,560
1993	5	30,800
1994	5	35,200
1995	8	63,360
1996	10	88,000

5.2.4. *Sales to Low Income Class Market Segment (i.e to Traditional Enguli Consumers)*

Due to the extensive market research and product adaptation required in order for penetration of this target market to be successful, it is expected that every effort will be made by the Management of **EADL** to successfully achieve penetration of this target market with at least 10% of total output by the end of the Plan Period.

5.2.5. *Return on Equity*

From an estimated negative position of *(12.2%)* at the end of 1991, it is expected to achieve a return on equity of 46.5% by the end of 1996 through adopting the strategies spelt out in this Plan.

5.2.6. *Net Operating Profit to Sales Ratio*

From an estimated negative position of *(12.6%)* at the end of 1991, it is expected to achieve a net operating profit to sales ratio of 53.6% by the end of 1996 through implementation of the strategies recommended in this Corporate Plan.

5.2.7. *Administrative Overheads to Sales Ratio*

From an estimated level of 23.8% of Administrative overheads as a percentage of sales in 1991, it is projected to achieve a level of 10.0% in 1996 in accordance with the cost reduction measures planned during the Corporate Planning Period from 1992 to 1996.

5.2.8. *Other Expected Results of Plan*

Other expected results during the plan period in terms of financial ratios are as shown in Appendix 10.

5.2.9. *Sensitivity Analysis*

Appendices 16 and 17 show what the results on profitability are expected to be if costs increase beyond the projected levels by 5% and 10% respectively.

From Appendix 16, it can be seen that the Company would be expected to make a modest profit after-tax of USh. 19 million in 1992. However, profit after-tax would be expected to increase to USh. 711 million by 1996.

If on the other hand, costs increase beyond the projected levels by 10%, then as shown in Appendix 17, a loss of USh. 26 million is expected to be made in 1992. However, profit after-tax is expected to reach USh. 656 million by 1996.

5.2.10. *Cash Flow Discounting*

Appendices 18, 19 and 20 show the Net Present Value of the stream of cash flows associated with the profit scenarios detailed in Appendices 12(a), 16 and 17.

The stream of cash flows associated with each of the profit scenarios result in positive net present values as follows:

- *Profit Scenario in Appendix 12(a)* - *Usn 553 million*
- *Profit Scenario in Appendix 16 (i.e. 5% increase in cost)* - *Ush 430 million*
- *Profit Scenario in Appendix 17 (i.e. 10% increase in cost)* - *Ush 331 million*

Given that **EADL** implements the recommendations contained in this Corporate Plan therefore, the Company should be able to repay the loan of USh. 960 million, which it is expected to take in the first year of the Plan Period and still make reasonable profit from its operations even if costs go up by, up to 10% more than anticipated.

5.3. Conclusion

5.3.1. The Management of **EADL** was fully involved in all stages of development of this Corporate Plan.

5.3.2. The Consultants believe that their involvement has reinforced in their minds, the need for the Company to adopt more aggressive marketing strategies, an integrated planning, budgeting, costing, reporting and steering system, improve quality of products, adopt cost reduction measures in all areas of the Company's operations as well as product innovation and a comprehensive personnel management and training programme.

5.3.3. The Consultants have observed a keen sense of determination on the part of Management to achieve the targets set out in this Plan.

5.3.4. While appealing to the Board of Directors of the Company to give Management every support and assistance to achieve the targets that have been set in this Plan, the Consultants wish to place on record the enthusiasm with which all staff of **EADL** approached the Corporate Planning exercise.

5.3.5. Finally, the Consultants wish to emphasize the need for close monitoring and further technical assistance to be given to the Management of **EADL** during the implementation of the various action programmes contained in the Corporate Plan.

5.3.6. In this regard, it will be necessary for Experts from **UNIDO** and **PIES** to provide such monitoring and assistance.

APPENDIX 1

EAST AFRICAN DISTILLERIES LIMITED

PRODUCTION MATERIAL REQUIREMENTS
ANNUAL REQUIREMENTS

MATERIAL	UNIT	1992	1993	1994	1995	1996
SENTRATES						
U. Waragi	Litres	8842	9671	10316	10776	11052
M.R. Whisky Malt	Litres	3794	5533	7588	9958	12647
Gain	Litres	2887	4210	5774	7578	9623
R.M. Brandy	Litres	5711	8567	11966	15909	20396
Q.E. Gin	Litres	1288	1803	2404	3091	3864
Glycerine	Litres	588	858	1176	1588	2025
Caramel	Litres	57	84	1165	1539	1963
BOTTLES						
75cl	Cartons	38222	43709	48979	54018	59185
75cl	Cartons	2904	4045	5366	6864	8536
30cl	Cartons	7583	9090	10677	12346	13810
15cl	Cartons	8851	10126	11303	12370	13310
SATCHETS						
U. Waragi	Rolls	165	194	223	257	285
M.R. Whisky	Rolls	2	7	8	9	11
R.M. Brandy	Rolls	5	7	12	20	28
LABELS						
U. Waragi 75cl	Pieces	366084	389316	403440	409092	409728
U. Waragi 30cl	Pieces	154872	175560	193824	209352	214704
U. Waragi 15cl	Pieces	422400	480480	532224	576576	612480
M.R. Whisky 75cl	Pieces	50688	73104	99120	128616	151448
M.R. Whisky 30cl	Pieces	12672	19488	28152	38808	51624
R.M. Brandy 75cl	Pieces	41892	62088	85188	110508	139044
R.M. Brandy 30cl	Pieces	13560	21264	30984	42864	57192
R.M. Brandy 15cl	Pieces	2448	5568	10320	17184	28400
Gin 75cl	Pieces	34848	48540	64392	82368	102432
Gin 30cl	Pieces	888	1840	3288	5280	7920
SEALS						
30 x 35mm	Pieces	458664	524508	587748	648216	710218
30 x 18mm	Pieces	181992	218152	256248	296304	331440
31.5 x 18mm	Pieces	424848	486048	542544	593760	638880
31.5 x 24mm	Pieces	34848	48540	64392	82368	102432

APPENDIX 1 CONT..

MATERIAL		UNIT	1992	1993	1994	1995	1996
H.S CAPSULES							
32 x 60mm		Pieces	366084	389316	403440	409092	409728
32 x 30mm		Pieces	577272	656040	726048	785928	827184
FILTER SHEET							
K500 40 x 40		Sheets	3200	3734	4267	4800	5334
RAW SPIRIT 95%		Litres	296600	346033	395467	444900	494334
DIESEL		Litres	270930	316085	361240	406395	451550
WATER		M3	27900	32550	37200	41850	46500
ELECTRICITY		Kwh	52500	61250	70000	78750	87500
CARTON BOXES							
U. Waragi	75cl	Pieces	30507	32443	33620	34091	34144
	30cl	Pieces	6453	7315	8076	8723	8946
	15cl	Pieces	8800	10010	11088	12012	12760
Totapack		Pieces	9748	11609	13394	15048	17058
M.R. Whisky	75cl	Pieces	4224	6092	8260	10718	13454
	30cl	Pieces	528	812	1173	1617	2151
Totapack		Pieces	108	237	433	542	650
R.M. Brandy	75cl	Pieces	3491	5774	7099	9209	11587
	30cl	Pieces	565	886	1291	1786	2383
	15cl	Pieces	57	116	215	358	550
Totapack		Pieces	284	426	694	1188	1692
Gin	75cl	Pieces	2904	4045	5366	6864	8536
	30cl	Pieces	37	77	137	220	330
DISPENSER BOXES							
U. Waragi 1 x 20		Pieces	58888	69634	80364	90388	102348
M.R. Whisky		Pieces	648	1422	2598	3800	3900
R.M. Brandy		Pieces	1704	2556	4164	7188	10152
GUMMED TAPES							
Plastic		Rolls	1692	19..	2256	25..	2820
		Kgs	345	402	460	518	575

APPENDIX 2(a)

EAST AFRICAN DISTILLERIES LIMITED

PROJECTED SALES DURING THE CORPORATE PLAN PERIOD FROM 1992 TO 1996

WARAGI	WHISKY	GIN	BRANDY	PROJECTED ANNUAL PRODUCT SALES LITRES
80% 422400	8% 42240	5% 26400	7% 36960	528000
75% 462000	10% 616000	6% 369600	9% 55440	616000
70% 492800	12% 84480	7% 49280	11% 77440	704000
65% 514800	14% 110880	8% 63360	13% 102960	792000
60% 528000	16% 140800	9% 7920	15% 132000	880000

APPENDIX 2(b)

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED PRODUCT SALES BY BRAND SIZE 1992 - 1993

	WARAGI GS 75cl	WARAGI GS 30cl	WARAGI GS 15cl	WARAGI GS T/P	WHISKY 75cl	WHISKY 30cl	WHISKY T/P	BRANDY 75cl	BRANDY 30cl	BRANDY 15cl	BRANDY T/P	GIN 75cl	GIN 30cl	0.00 WARAGI	WHISKY	GIN	BRANDY	TOTAL SALES (LTRS)
1991																		
CARTONS	30507	6453	8800	9748	4224	523	108	3491	565	15	284	2904	37					
1992														422400	42400	26400	36960	528,000
%	65	11	15	9	90	9	1	85	11	1	3	99	1					
LTS	274560	46464	63360	38016	38016	3801.6	422.2	31416	4065.6	369.6	1108.8	26136	264					
CARTONS	32448	7315	10010	11600	6090	512	237	5174	886	116	426	4045	77					
1993																		
%	65.0	11.4	15.6	9.8	89	9.5	1.5	84	11.5	1.5	3	98.5	1.5	462000	61600	36960	55440	616,000
LTS	291984	52668	72072	45276	54824	5852	924	46570	6376	832	1663	36405.6	554.4					
CARTONS	33620	8076	11088	13394	326.2	1173	433	7099	1291	215	694	5366	137					
1994																		
%	61.4	11.9	16.2	10.6	88	10	2	82.5	12	2	3.5	98	2	492800	94480	49280	77440	704,000
LTS	30259.2	58150.4	79833.6	52236.8	74342.4	8448	1689.6	63888	9293	1548.6	2710	48294.4	985.6					
CARTONS	34091	8723	12012	15348	10718	1617	254	9209	1786	258	118.8	6864	220					
1995																		
%	59.6	12.2	16.8	11.4	87	10.5	2.5	80.5	12.5	2.5	4.5	97.5	2.5	514800	110880	63360	102960	792,000
LTS	306821	62805.6	86486.4	58687.2	96465.6	11642.4	2112	92983	12870	2574	4633.2	61776	1584					
CARTONS	34144	8946	12761	17058	13454	2151	550	11597	2283	550	1692	8536	220					
1996																		
%	58.2	12.2	17.4	12.6	86	11	3	79	13	3	5	97	3	528000	140800	79200	132000	880,000
LTS	307296	64416	91872	66528	121088	15488	2534	104280	17160	3960	6600	76824	2376					

APPENDIX 3(a)
EAST AFRICAN DISTILLERIES LIMITED
STRATEGY AND ACTION PLAN SHEET

GENERAL MANAGER 1

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	(1) To re-organise Company's Organizational structure to achieve better strategic direction and to ensure achievement of the Company's goals.	(1) Re-organise Sales Department into Marketing and Sales Department and fill vacancies.	General Manager	(1) Appoint Marketing and Sales Manager. Appoint Export Officer	31/03/92	Inform Board of Directors of all changes to organizational structure.	Not later than next Board Meeting after organizational changes.	Request for reports from Heads of Department on performance of staff in their new positions and take corrective action.	General Manager	Not later than three months after assumption of duty of officers.
		(2) Strengthen Production Department with appointment of Asst. Production Manager (Maintenance)	General Manager	(2) Appoint Assistant Production Manager (Maintenance)						
		(3) Strengthen Personnel Dept. with appointment of Personnel Officer.	General Manager	(3) Appoint Personnel Officer.						
		(4) Shift responsibility for procurement of raw materials and spare parts to production.		Carry out necessary Redeployments.						

STRATEGIES AND DETAILED ACTION PLAN SHEET

GENERAL MANAGER 1 CONTD...

GENERAL DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(5) Shift responsibility for finished goods to marketing and sales department under overall control of Accounts Department.						* Take necessary corrective action & implement policies of the Board of Directors.		

STRATEGIES AND DETAILED ACTION PLAN SHEET

GENERAL MANAGER 2

GENERAL DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	(2) To steer and control company to achieve its mission.	(2) Arrange and chair monthly management meetings to review: a) Profit and Loss Account b) Balance Sheet c) Cash Flow d) Sales Report e) Production Report f) Personnel Report g) Other Management Information Reports.	General Manager	Review overall performance as highlighted by reports and take corrective action.	Not later than one week after management meeting up to 31/12/96.	Relevant extracts of monthly and quarterly reports on company's performance to Board.	Second week of next month or not later than 2 weeks before next scheduled Board meeting up to 31/12/96.	Obtain reaction of Board to report and take necessary action.	General Manager	Immediately upon receipt of Board reaction.
		(2) Oversee day-to-day operations of Company.	General Manager	Monitor daily operations and give guidance or directives as necessary.	31/12/96	Queries and give guidance as necessary	N/A	Ensure right action taken after query or instructions.	General Manager	Daily up to 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

GENERAL MANAGER 3

GENERAL DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(3) Prepare Board papers, arrange and attend Board meetings.	General Manager	Distribute Board papers.	Two weeks before each Board meeting up to 31/12/96.	(1) Monthly Reports (2) Quarterly Reports (3) Annual Rep. (4) Budget (5) Corporate Plan (6) Other	Two weeks before each Board Meeting up to 31/12/96.	Ensure Board directives on reports are carried out up to 31/12 96.	General Manager	Immediately after Board meeting or as necessary up to 31/12/96.
		(4) Ensure import of raw materials and spare parts for production done on time.	General Manager	Monitor performance/ activities of production and other depts.	Continue monitoring until end of plan period.	N/A	N/A	Follow-up forex applications.	General Manager	
		(5) Price finished products per batch with Marketing Manager.	General Manager	Review detailed costing report on each batch from Accounts Department and and determine price with Marketing Manager's assistance.	Immediately after each batch up to 31/12/96.	Price List to Marketing Manager	Before close of day on which batch is produced.	Monitor sales of products in batch.	General Manager	

STRATEGIES AND DETAILED ACTION PLAN SHEET

GENERAL MANAGER 3 CONTD.

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(c) Appraise or evaluate performance of Heads of Department.	General Manager	Complete performance evaluation forms for each Head of Department.	By the end of first month of next year up to 31/12/96.	Completed Performance Evaluation Form for personal file of Heads of Department.	By end of first month of next year up to 31/12/96.	Monitor performance of Heads of Department and ensure improvement in weak areas.	General Manager	Continue monitoring as necessary during plan period up to 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

GENERAL MANAGER 4
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(1) Undertake continuous high-level lobbying to achieve company objectives.	General Manager	(1) Arrange periodic visits (2) Arrange business meetings. (3) Organize lunches. (4) Undertake business promotion.	Continue throughout plan period.	Verbal reports to other Directors to assist with lobbying.	As necessary during plan period.	Ensure objectives achieved.	General Manager	As necessary during plan period up to 31/12/96.
	(3) Plan activities of the Company and monitor performance.	(1) Oversee preparation of Corporate plan.		Monitor actual results and compare to Corporate plan and Budgeted targets.	Daily, weekly, monthly, quarterly, and annually up to 31/12/96.	Monthly reports to Board. Quarterly reports to Board. Annual reports to Board. Budget and Corporate plan to Board.	Second week of next month or two weeks before next scheduled Board meeting up to 31/12/96.	Obtain reaction of Board to reports and take necessary action.	General Manager	Immediately upon receipt of Board reaction up to 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

GENERAL MANAGER 4 CONTD.
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(2) Oversee preparation of Annual Budgets. (3) Undertake financial planning. (4) Oversee preparation of daily, weekly, monthly, quarterly, and annual reports.	General Manager	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.	General Manager	Same as above.

APPENDIX 3(b)

EAST AFRICAN DISTILLERIES LIMITED
STRATEGIES AND DETAILED ACTION PLAN SHEET

PRODUCTION 1
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
1) Improve capacity utilization 30% - 92 35 - 93 40 - 94 45 - 95 50 - 96	a) Rehabilitate the plant and equipment.	Complete major rehabilitation works by end of 1992 and replace Boiler in 1993 or 1994.	Production Manager (PM)	- Inspect Bottle Washer at Jubilee Ice Limited.	31/07/91	Memo on findings to General Manager for information.	05/08/91	N/A	N/A	N/A
				- Request for Mechanical Engineer	31/10/91	Memo to Personnel Manager.	31/08/91	Send reminder to Personnel Mgr.	Production Manager (PM)	30/11/91
				- Re-equip the Lab.		Memo and proforma invoices to be submitted to GM for approval.	15/11/91	Ensure order placed by import officer.	Production Manager	30/09/91
				- Replace labelling machine.						
				- Replace filler material for cooling tower.						
				- Procure standby rotary pump to pump water during distillation process.	31/03/92	Memo and selected proforma invoice to be submitted to GM for approval				
				- Replace filter press						
				- Rewire electrical installations and replace switch gear.	30/06/92				Production Manager (PM)	30/06/93

STRATEGIES AND DETAILED ACTION PLAN SHEET

PRODUCTION 1 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				- Acquire bottle mould.						
				- Replace bottle labelling machine.						
				- Acquire second heat shrinking machine.						
				- Construct workshop shed.	30/09/92					
				- Replace boiler.	In 1993/94	Memo to GM for approval of BOM	15/08/91	Ensure orders placed for materials.	Production Manager	30/09/91 and thereafter yearly by 31st August up to 31/12/96.
				- Prepare bill of materials for production in 1992.						
(2) Improve quality of products.	b) Carry out planned and preventive maintenance schemes.	Continue throughout the plan period.	Production Manager	- Undertake year-end maintenance of Boiler in presence of Factory Inspect.	31/12/91	N/A	N/A	Carry out routine inspections	Mechanical Engineer.	Weekly during plan period.
			Mechanical Engineer	- Undertake weekly inspection of machinery as part of preventive maintenance programme.	End of each week.	Complete preventive mtce. book and submit for review by Production Manager.	By end Monday of next week.	Carry out preventive maintenance.	Mechanical Engineer	Up to 31/12/96. By end of second week after submission of inspection report.
			Production Manager	- Undertake monthly inspection of plant and buildings with Mechanical Engineer	By end of each month.	Submit monthly inspection reports to General Manager.	By end first week of next month.	Undertake necessary repairs and maintenance.	Mechanical Engineer	Continue monthly until 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

PRODUCTION 2
CORPORATE VISION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	c) Train staff	Continue up to 31/12/96	Production Manager	Organize - evening classes - on-the-job training	As required during plan period.	Progress reports to be submitted to Personnel Manager.	After each round of training.	Assess improvements in performance of staff as a result of training received.	Production Manager	Continue assessment of effectiveness of training throughout the plan period up to 31/12/96.
				Arrange outside training courses for staff.	As required during plan period.	Progress reports to be submitted to Personnel Manager. Copies of certificates obtained by staff to be sent to Personnel Manager.	After each course during plan period.			
	d) Intensify quality control efforts.	Continue up to 31/12/96	Production Manager	Oversee commissioning of new laboratory equipment and ensure effective use.	Throughout plan period up to 31/12/96.	Quality control reports to GM.	At end of each Batch.	Initiate corrective action to improve quality of products.	Production Manager	Continue efforts to improve quality throughout plan period up to 31/12/96.
	e) Undertake product innovation studies.	Continue up to 31/12/96	Production Manager and Laboratory Personnel.	a) Research into local production of sentrates. b) Experiment with production of liquors from spirits. c) Assist marketing research function.	Throughout plan period. Throughout plan period.	New findings report to Production Manager monthly.	By end of first week of following month during plan period.	Submit reports on major findings to General Manager.	Production Manager and Quality Controller.	Continue with product innovation studies throughout plan period 31/12/91.

STRATEGIES AND DETAILED ACTION PLAN SHEET

PRODUCTION 2 CONTD.
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	f) Improve productivity	Continue up to 31/12/96	Production Manager	a) Set production targets. b) Monitor performance. c) Complete performance evaluation forms.	Before end of each year throughout plan period.	Submit recommendations for productivity bonuses. Submit Performance Evaluation Forms.	Before 31st December of each year during plan period.	Motivate workers to improve upon shortcomings.	Production Manager	Continue with action to improve productivity throughout plan period up to 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

PRODUCTION 3
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	Ensure steady and uninterrupted production.		Production Manager	(1) Prepare Bill of materials required to meet target capacity utilization.	31st August yearly.	Bill of materials to be prepared by the import officer and submitted to the Production Manager.	15th September annually.	Ensure orders placed in good time by Import Officer.	Production Manager	31st December yearly during plan period.
				(2) Prepare Departmental Budget and submit to GM for review.	6th September yearly.	Departmental Budget to be sent to General Manager.	6th September yearly.	Obtain Budget from GM; revise same and submit budget to Chief Accountant.	Production Manager	10th September yearly.
	Instill cost and safety consciousness in all staff.		Production Manager	Organize quarterly cost reduction and safety improvement meetings with staff.	End of each quarter during plan period.	Report on reductions in rate of breakage of bottles, spillage of finished products and evaporation of engult to be sent to GM quarterly during plan period up to 31/12/96.	Quarterly during plan period.	Monitor gains in cost reduction and decreases in rate of injuries on-the-job and take corrective action.	Production Manager	Continue with cost reduction and safety indoctrination of staff up to 31/12/96.

APPENDIX 3(c)

EAST AFRICAN DISTILLERIES LIMITED
STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 1
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
1)Re-organise Sales Department into Marketing and Sales Department	1.1 Arrange to fill vacancies in Department.	Complete by 30.06.92	Sales Manager (SM)	Submit memo on staff requirements to Personnel Manager (PM).	09/08/91	Memo to PM should show details of tasks to be performed by personnel to be recruited.	09/08/91	Send reminder and have verbal follow-up discussions with Personnel Manager (PM).	Sales Manager (SM)	31/12/91
	1.2 Create Marketing, Sales and Export Sections in Department.		Sales Manager (SM)	Prepare job descriptions for staff in Department, assign responsibilities and set targets for officers in-charge of each section.	31/03/92	Issue letters to staff detailing their responsibilities and targets.	30/06/92	Review monthly performance reports from sales, marketing and export sections of department.	Marketing Sales Manager (MSM)	Review monthly performance reports throughout plan period but latest by end of first week of the next month.
2)Increase market share.	2.1 Initiate comprehensive marketing programme covering: a)Distribution b)Pricing c)Research	Complete by 31st August 1992 and thereafter by end of November for each next year of plan period up to 31/12/96.	Marketing and Sales Manager (MSM).	a) Request and obtain from sales, marketing and export sections their sectional programmes. b) Consolidate Sectional programmes.	30/06/92 20/12/92 20/12/93 20/12/94 20/12/95	Comprehensive Marketing Programme to GM.	31/07/92 15/11/92 15/11/93 15/11/94 15/11/95 15/11/96	Obtain GM's approval of marketing programme and advise personnel of target set for sales, marketg & export sections based upon budget.	Marketing and Sales Manager (MSM)	31/08/92 and by end of November of each year of plan period.

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 1 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	c) Promotion, Advertising and			c) Submit marketing programme to SM for approval.	20/12/96					
	d) Products to be sold.			d) Prepare and obtain approval of Departmental budget.	31/10/91 31/10/92 31/10/93 31/10/94 31/10/95 31/10/96	Draft Departmental budget and send same to Chief Accountant.	06/09/91 06/09/92 06/09/93 06/09/94 06/09/95 06/09/96	Attend the budget hearing meetings to be held each year before 31st October during the plan period.	Marketing and Sales Manager	31st October of each year during the plan period.

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 2
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2.2 Undertake Market Research and Development.	Continue throughout the plan period up to 31/12/96.	Marketing and Sales Manager (MSM)	a) Local Market: - Identify & select target markets for anguli customer preference study.	15/01/92					
				- Design questionnaire for anguli customer preference study, arrange transport and despatch research teams to target markets.	30/06/92	Completed questionnaires and reports on findings to be prepared by Marketing Officer and sent to Marketing and Sales Manager.	31/07/92	Detailed analysis and follow-up visits to target markets.	Marketing and Sales Manager and Marketing Services Officer	30/09/92
				- Study and analyse information in questionnaires/reports including confirmation visits to target markets. - Submit findings & recommendations to GM for approval.	30/09/92	Market Research findings and Product Development reports to GM.	31/12/92	Obtain GM's approval of new product devpt. & liaise with PM on Product Development.	Marketing and Sales Manager	Throughout plan period.
				- Arrange for new product development.	31/12/96	Progress Reports on new products production to General Manager.	Monthly during plan period.	Arrange marketing of new product(s) to be developed during plan period.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 2 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				- Liaise with Production Manager for production of new products to be developed.	31/12/96					
				b. Export market identify, select and develop target export markets.	30/06/96	Potential Export markets report to General Manager.	Within one week of selection of export market up to 31/12/96	Establish contact with target export markets by - letter - follow-up visits & secure export orders.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 2 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				- Liaise with Production Manager for production of new products to be developed.	31/12/96					
				b. Export market identify, select and develop target export markets.	30/06/96	Potential Export markets report to General Manager.	Within one week of selection of export market up to 31/12/96	Establish contact with target export markets by - letter - follow-up visits & secure export orders.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 3
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				Review quality and packaging of products for export markets.	31/03/92 for intial export orders and thereafter up to 31/12/96.	Export products Quality and packaging. Report to General Manager.	Whenever necessary up to 31/12/96.	-Change quality and packaging of products for export markets.	Marketing and Sales Manager	31/12/96
				Suggest export prices	31/03/92 and thereafter up to 31/12/96.	Export Price to GM for approval.	Same as above.	-Fix export prices.	Marketing and Sales Manager	31/12/96
				Determine and place adverts in target export market. Start executing export orders.	31/03/92 and thereafter up to 31/12/96. 31/05/92 and thereafter up to 31/12/96.	Sample adverts to General Manager for approval.	Same as above.	-Determine nature of messages and place adverts in targets export markets. -Receive process and execute export orders.	Marketing and Sales Manager Marketing and Sales Manager	31/12/96 31/12/96
	2.2 Adopt product differentiation.	up to end of plan period (i.e. 31/12/96	Marketing and Sales Manager	Review packaging, pricing, advertising and distribution methods of existing products to be sold in market segments for: - Low income rural customers	As necessary up to 31/12/96	Memoranda suggesting basis of differentiation of products to General Manager.	Throughout plan period.	a) Conduct market research to determine customer needs in terms of quality, price, packaging and distribution methods.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 3 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				- Middle income city dwellers - High income city dwellers/Export market.				b) Liaise with Production Manager on quality and packaging of products.		
	3.4 Develop new markets.	Up to end of plan period (ie. 31/12/96)	Marketing and Sales Manager	Promote Development of new markets through: - Advertising - Promotion - New product development - Entry of new export markets.	31/12/96	New markets report.	At end of each quarter of plan period up to 31/12/96	Assess performance of new markets.	Marketing and Sales Managor	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 3 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				- Middle income city dwellers - High income city dwellers/Export market.				b) Liaise with Production Manager on quality and packaging of products.		
	2.4 Develop new markets.	Up to end of plan period i.e. 31/12/96	Marketing and Sales Manager	Promote Development of new markets through: - Advertising - Promotion - New product development - Entry of new export markets.	31/12/96	New markets report.	At end of each quarter of plan period up to 31/12/96	Assess performance of new markets.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 4 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2.7 Train Sales Personnel	Continue throughout plan period up to 31/12/96		1) Prepare structured training programmes for all Sales personnel and Marketing personnel.	By 31/12/91 and before end of each year of plan period	Structured training programmes to Personnel Manager.	31st Dec of each year of plan period	Assess effectiveness of training by appraising staff performance.	Marketing and Sales Manager	Continue with assessment up to 31/12/96
	2.8 Motivate Sales and Marketing Personnel.	Continue up to 31/12/96		2) Set sales targets and marketing targets for all staff in the Department.	31/01/92 and thereafter yearly by 31st January.	Monthly sales performance reports - By Route - By Agent - By Wholesaler - By Sales Officer - By Export Market.	Monthly during plan period.	Reward staff who exceed targets by giving cash, product incentives and "Best Worker Awards", etc.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 5
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2.9 Improve sales planning and controlling until 31/12/96	Continue with planning and controlling until 31/12/96	Marketing and Sales Manager	Forecast sales per market segment and set realistic targets. Compare actual performance of export markets, agents, routes, wholesalers and salesmen to planned targets and take necessary action where shortfalls occurs.	Weekly, monthly, quarterly & annually throughout the plan period.	Budgeted and Actual sales performance reports with analysis of vacancies from budgeted targets	Weekly, monthly, quarterly & annually up to 31/12/96.	Strengthen weak distribution channels and take other corrective action to meet planned sales targets.	Marketing and Sales Manager	31/12/96
	2.10 Link sales performance to renumeration package.	Up to 31/12/96	Marketing and Sales Manager	a) Issue letters of recommendation whenever necessary and give product rewards-cash bonus-etc.						
				b) Undertake annual appraisal of staff performance.	By 31 Dec. of each year during plan period	b) Annual staff appraisal form.	31 Dec. yearly during plan period.	Ensure staff improve on shortcomings or weak areas of assessment.	Marketing and Sales Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

MARKETING 5 CONTD..
CORPORATE MISSION

(1) OBJECTIVES	(2) STRATEGY	(3) EXPECTED DURATION OF STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2.11 Discipline staff.	Up to 31/12/96		Verbal warnings, written warnings and other reports to Personnel Manager.	31/12/96	Letter or memo to Personnel Manager.	As necessary.	Counsel staff to turn over new leaf.	Marketing and Sales Manager	31/12/96

APPENDIX 3(d)

EAST AFRICAN DISTILLERIES LIMITED
STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 1
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	Modernise Accounting System		Chief Accountant		31/12/96	N/A				
		Improve planning and budgeting system.	Chief Accountant	Develop standardized budget proposal format for general use.	30/08/91	Budget format to be distributed to all Heads of Department.	03/09/91	Ensure budget proposal formats are distributed, completed and returned by all Heads of Department (including Chief Accountant) on time.	Chief Accountant	05/09/91
				Consolidate departmental budget proposals and arrange budget hearing meetings.	16/09/91	Draft budget to General Manager and Heads of Department	16/09/91	Ensure budget hearing meetings take place.	Chief Accountant	End of 1st week in October during each year of plan period.
				Prepare final draft of budget document.	14/10/91	Draft final budget to GM, Heads of Dept. and Executive Director (ED).	14/10/91	Remind GM to send copy to Executive Director for his perusal.	Chief Accountant	14/10/91

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 1 CONTD.

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				Make necessary adjustments to budget	21/10/91	Final budget to General Manager, Heads of Dept. and Directors.	21/10/91	Send copies of final budget to General Manager, Heads of Department and Assistants as well as to Directors for approval.	Chief Accountant	31/10/91

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 2
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				1) Review projected sales summary from Sales Department and determine relative revenue.	02/08/91					
				2) Review bill of materials and statement of purchases and do necessary costing.	02/08/91					
				3) Prepare projected operating statements for various years in the plan period.	02/08/91					
				4) Prepare Projected Cash Flow Statements and Balance Sheet.	02/08/91					
				5) Prepare Projected sources and uses of funds statement.	02/08/91					
				6) Arrange meeting of General Manager and heads of Department to adopt corporate plan.	06/08/91	Draft Corporate Plan	02/08/91			

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 3
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				Make necessary adjustments to Corporate Plan.	09/08/91	Draft Corporate Plan to General Manager and Heads of Department.	09/08/91	Submit information copies to Directors and obtain their comments.	Chief Accountant	21/08/91
				Make necessary adjustments to Corporate Plan.	23/08/91	Corporate Plan	23/08/91	Submit copies of Corporate Plan to General Manager and Heads of Department for study and submission to Board for approval.	Chief Accountant	30/08/91
				Make final adjustments to Corporate Plan.	30/11/91	Final Corporate Plan	30/11/91	Submit copies of final Corporate Plan to General Manager and Heads of Department for guidance.		Latest end of second week after Board meeting.

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 4
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Improve costing system	Chief Accountant	(1) Extend cost centres to cover all functional areas as follows including forms design: - Production - Marketing - Personnel - Accounting - Administration - Internal Audit	23/08/91	Memoranda to all Heads of Department on new cost centres.	16/08/91	Joint Accounts Department/User Department discussions on new costing system.	Chief Accountant and Assistant Accountant (Costing).	23/09/91
				(2) Introduce and install PIES Chart of Accounts.	23/08/91	Memoranda to all Heads of Department to explain cost codes and break-down of costs into fixed and variable elements, (ie. controllable and non-controllable costs).	30/08/91	Discussions on new Chart of Accounts with Heads of Department.	Chief Accountant and Assistant Accountant (Costing).	30/08/91

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 5
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Improve reporting system	Chief Accountant	1) Design format of management information reports indicating responsibility of each officer in-charge.	13/09/91	Production forms Sales forms Store forms Personnel forms Accounts forms	13/09/91	Obtain consent of Heads of Department on suitability of forms.	Chief Accountant	13/09/91
								Obtain approval of General Manager and all Heads of Department at management meetings.	Chief Accountant	17/09/91
				2) Arrange printing/cyclostyling of approved forms and distribute same.	30/09/91	Submit various forms to Heads of User Departments.	30/09/91	Assist Heads of Department and Users with difficulties in filling forms.	Chief Accountant	31/12/91
				3) Prepare circular indicating target dates for submission of various form for General Manager's signature.	30/09/91	Circular to all Heads of Department.	30/09/91	Obtain General Manager's signature on circular and distribute circular.		30/09/91

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 5 CONTD..
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				4) Analyse various reports as and when submitted and prepare relevant management information reports.	Throughout plan period but not later than one week after receipt of report.	Management Information Reports.	One week after receipt of report.	Liaise with General Manager and relevant officer-in-charge to ensure corrective action taken.	Chief Accountant	Not later than one week after submission of management information report.

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 6
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Improve financial planning and working capital management.	Chief Accountant	(1) Prepare weekly cash budget and weekly cash performance report.	First thing on Monday, cash budget week.	Cash Budget to General Manager and all Heads of Department.	10 a.m on Monday of Cash Budget week.	Discuss cash position with General Manager.	Chief Accountant	By 12.00 noon on Monday of budget week.
				(2) Obtain weekly bank statements and do reconciliation.	Monday of cash budget week.	Bank reconciliation statement.	Before close of day on Monday of Reconciliation week.	Discuss with General Manager.	Chief Accountant	By close of day on Tuesday of Reconciliation week.
				(3) Reintroduce budgetary vote control of expenditure	01/11/91	Weekly expenditure reports to all Heads of Department.	Latest by Monday morning of next week.	Discuss expenditure position with Heads of Department.	Chief Accountant	By close of day on Tuesday of every week.

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 7
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				(4) Prepare monthly cash budgets showing previous month's cash performance.	First working day of cash budget month.	Monthly cash budget and cash performance report to General Manager and Heads of Department.	Before close of day on first working day of cash budget month.		Chief Accountant	Before close of day on first working day of cash budget month.
				(5) Prepare monthly Bank Reconciliation Statement.	End of first working day of cash budget month.		Same as above.	Discuss Bank Reconciliation Statement with General Manager.	Chief Accountant	
				(6) Prepare quarterly cash budget showing previous quarters cash performance.	End of first working day of cash budget quarter.	Quarterly cash budget and cash performance report to General Manager and Heads of Department.	Before close of day on first working day of cash budget quarter.	Discuss position with General Manager and Heads of Department at management meeting.	Chief Accountant	Before end of 1st week of next quarter.

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 8
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				7) Follow-up all forex applications to be lodged with Bank of Uganda to ensure quick approval.	Throughout plan period as necessary.	N/A	N/A	Meet schedule officers regularly to discuss status of applications.	Chief Accountant	As necessary
				Work out all relevant financial ratios.	Monthly by end of first week of next month.	Financial Ratio Performance report to General Manager.	Monthly before end of first week of the next month.	Discuss with General Manager and Heads of Department at Management meeting and initiate corrective action.	Chief Accountant	Monthly before end of second week of next month.
				8) Increase float on tax payments.	Throughout plan period but not later than 21 days after sale of product.	Customs monthly sales returns.	By end of first week of next month.	Negotiate tax payments with tax authorities.	Chief Accountant.	Two days prior to due date.

STRATEGIES AND DETAILED ACTION PLAN SHEET

ACCOUNTS DEPARTMENT 9
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Monitor operations to ensure profitability and liquidity.	Chief Accountant	Prepare monthly operating statements including Balance Sheet and Cash Flow Statement.	Monthly before end of first week of next month.	Trading Profit + Loss Account Appropriation Account Balance Sheet and Funds Flow Statement.	Monthly before end of first week of the next month.	Discuss with General Manager and other Heads of Department at management meeting.	Chief Accountant	Monthly before end of second week of the next month.

APPENDIX 3(e)

EAST AFRICAN DISTILLERIES LIMITED

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 1
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	(1) To develop a comprehensive Personnel programme to enable the Company achieve its mission.	(1) Review and develop present personnel recruitment procedures.	Personnel Manager (PM)	a) Examine and re-design present Application Form for employment.	31/08/91	Revised Application form for employment for GM's approval.	06/09/91	To arrange for revised form to be used.	Personnel Manager	Continue using until 31/12/96
				b) Review all labour laws in the country and comply with provisions.	31/08/91	Summary of relevant laws affecting EADL.	06/09/91	Educate all personnel in Dept., HOD and GM on labour laws.	Personnel Manager	Be guided by labour laws until 31/12/96
				c) Design induction programmes to be followed by all new entrants.	30/06/93	a) Inducation or orientation programmes to be followed by new staff to GM for approval.	Monthly up to 30/06/92	a) Advise all HOD on inducation programmes and ensure programmes are followed.	Personnel Manager	Receive and review on-the-job training progress reports up to 31/12/96
						b) On-the-job training progress report to GM for approval.		b) Obtain on-the-job training progress reports from HOD. Ensure use of new pre-printed appointment letters.	Personnel Manager	Continue use of pre-printed appointment letters up to 31/12/96

PERSONNEL 2
GENERAL/DEPARTMENT

(1) OBJECTIVES	(2) STRATEGY	(3) OFFICER RESPONSIBLE	(4) NECESSARY ACTION	(5) TARGET COMPLETION DATE(S)	(6) REPORT(S) TO BE SUBMITTED	(7) TARGET SUBMISSION DATE(S)	(8) FOLLOW-UP ACTION	(9) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(10) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1) Review existing pre-appointment interview process and ensure objectivity of recruitment process.	Personnel Manager	Depending on staff level arrange membership of interview panel to ensure objectivity.	31/12/96	Interview Assessment form and recommendation to General Manager or Board for approval.	Within one month of interview up to 31/12/96	a) Issue appointment letter. b) Seek referees reports. c) Arrange medical examinations. d) Issue introduction memo.	Personnel Manager	Within two months of interview throughout the plan period up to 31/12/96.
	2) Fill vacancy for Personnel Officer.	Personnel Manager	Place advertisements.	31/12/91	Short-list of applicants to GM for approval.	15/01/92	a) Arrange interview of Applicants. b) Issue appointment letters to successful applicant.	Personnel Manager	31st March 1992.
	3) Review existing training schemes and draw up structured training and manpower development programme.	Personnel Manager	a) Assess & improve present on-the-job training programmes	31/03/92	Revised on-the-job training programmes for all HOD.	30/04/92	Submit copies of revised on-the-job training to all HOD.	Personnel Manager	Monitor on-the-job training programmes throughout plan period up to 31/12/96.
			b) Design on-the-job training progress report form.	31/03/92	On-the-job training progress reports to GM for approval.	30/04/92	Distribute copies of on-the-job training progress report form to all Heads of Department and General Manager.	Personnel Manager	Obtain and review completed on-the-job Training progress report forms from HOD throughout plan period up to 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 2 CONTD..
GENERAL/DEPARTMENT

(1) OBJECTIVES	(2) STRATEGY	(3) OFFICER RESPONSIBLE	(4) NECESSARY ACTION	(5) TARGET COMPLETION DATE(S)	(6) REPORT(S) TO BE SUBMITTED	(7) TARGET SUBMISSION DATE(S)	(8) FOLLOW-UP ACTION	(9) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(10) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
									Identify training gaps and arrange suitable courses to close gaps up to 31/12/96.

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 3
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				c) Assess off-the job trainig requirements of all staff and review training programmes of external training institutions.	Annually throughout plan period up to 31/12/96	a) Off-the-job training requirements report to GM for approval.	Quarterly during plan period up to 31/12/96	a) Liaise with Heads of Dept. and select staff to benefit from training programmes. b) Arrange for selected staff to attend training courses. c) Follow up staff performance after training courses.	Personnel Manager	Up to the end of the plan priod i.e. 31/12/96
				d) Select suitable staff to develop for management succussion.	Throughout the plan period up to 31/12/96	Special appraisal reports on selected staff to General Manager for approval.	As and when necessary throughout plan period	a) After GM's approval arrange special training courses for selected staff. b) Monitor staff performance after special training course.	Personnel Manager	Up to end of plan period i.e. 31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 3 CONTD..
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(4) Improve wages and salaries administration and link remuneration to productivity.	Personnel Manager	a) Conduct wages and salaries survey to ensure SADL wages and salaries are competitive.	31/12/96	Wages and Salaries Survey Reports to General Manager.	Annually during plan period within one month of completion of revised salary	a) Submit recommendations to General Manager on possible review of salaries and wages.	Personnel Manager	Annually up to 31/12/96
				b) Develop daily wages for casual staff and salary scales for permanent staff.	Within one month of each salary review exercise up to 31/12/96	New wages and salary scales to General Manager and Board for approval.	scales and wages.	Advise staff of new wages and salary levels.	Personnel Manager	31/12/96

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 4
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				c) Develop job grading for all staff and determine salary scales for various job grades.	31/12/92	Job Grading Report to GM for approval.	31/01/93	(a) Advise all HOD of new job grades. (b) Advise all staff of their new job grades and corresponding salaries.	Personnel Manager	30/06/93
				d) Determine appropriate productivity related bonus schemes for staff in all departments.	31/12/92	Report to GM on targets to be achieved by staff in all depts. in order to qualify for productivity bonuses.	31/03/93	(a) Obtain from HOD and study reports on staff performance. (b) Submit recommendations for payment of bonuses to GM for approval.	Personnel Manager	Monthly or quarterly as necessary during plan period up to 31/12/96.
		5. Develop an objective staff appraisal system.	Personnel Manager	(a) Design new staff performance appraisal form.	30/06/92	New staff Performance Appraisal Form to GM and HOD.	31/07/92	(a) Obtain approval of GM to appraisal form. (b) Print copies of new appraisal form and distribute to HOD and GM.	Personnel Manager	31/08/92

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 4 CONTD..
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				b) Use new staff performance appraisal form in annual performance reviews.	Annually by 31 Dec. of each year of the plan period.			c) Organize a one-day staff appraisal workshop for GM and all HOD as well as supervisors.		
					b) As necessary during plan period at end of probationary.	Completed Performance Appraisal Form to GM for approval.	31 January annually.			

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 5
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				c) Link appraisal process to productivity by recommending increments, upgrading and promotions for deserving staff.	Annually or as necessary during plan period.	Completed staff appraisal form to GM or Board for approval.	31/08 annually or whenever necessary in special cases up to 31.12.95	a) Issue letters to positively reinforce employees and	Personnel Manager	31st August of each year of the plan period or as necessary.
								b) Monitor employees performance to ensure improvement in areas of weak assessment.	Personnel Manager	Throughout the plan period up to 31.12.95
		c) Prepare and obtain approval of Personnel Department Budget.	Personnel Manager	a) Determine vacancies to be filled during year. b) Determine likely cases of promotion. c) Determine likely salary and wages increases during the year. d) Determine training and manpower development requirements. e) Determine capital expenditure.	31/10/91 annually	a) Draft Departmental Budget to GM for perusal. b) Submission of revised Departmental Budget to CA for consolidation into Draft Master Budget.				

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 6
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				f) Determine cost of welfare service (lunch, clinic, sports, etc.) g) Determine estimated annual cost of above.			6th Sept. annually during plan period.	c) Attend heads of dept. meeting with GM to consider Draft Master Budget. d) Revise departmental budget as necessary and submit final draft departmental budget to Chief Accountant.	Personnel Manager	15th Sept. 1991 and thereafter by 15th Sept. of each year of plan period.
		7. Prepare and develop a comprehensive staff and organizational manual.		Departmental Budget (a) Prepare Organization Chart. (b) Prepare Job Descriptions and specifications. (c) Prepare job grading system and determine wages and salaries. (d) Determine staff appraisal system. (e) Draft promotion policy.		(a) Proposed Organization Chart. (b) Draft job descriptions & man specifications. (c) Draft job grading system. (d) Draft staff appraisal system. (e) Draft promotion policy.		(a) Submit draft organization and personnel manual to GM for approval. (b) Be guided by approval manual in handling day-to-day personnel matters.	Personnel Manager	31st December 199_

STRATEGIES AND DETAILED ACTION PLAN SHEET

PERSONNEL 6 CONTD..
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				f) Draft training policy. g) Prepare scheme of service for all staff. h) Determine conditions of service for unionised staff. i) Determine conditions of service for senior and management staff.	30/06/94	f) Draft training policy. g) Draft scheme of service. h) Draft conditions of service for both senior and junior staff to GM for approval.	30th June 1994			

APPENDIX 3(f)

EAST AFRICAN DISTILLERIES LIMITED
STRATEGIES AND DETAILED ACTION PLAN SHEET

INTERNAL AUDIT 1
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. Improve existing systems of internal control.	1. Design and prepare internal control questionnaires covering: a. General b. Cash & Bank c. Sales + Debtors d. Purchases + Creditors e. Fixed Assets f. Wages and Salaries g. Stocks + Work-in-progress h. Other	Internal Auditor	1. Amend standard Internal Control questionnaires to suit EADL operations.	31.12.92	(1) ICQ-General (2) ICQ-Cash (3) ICQ-Sales + Debtors (4) ICQ-Purchases (5) ICQ-Fixed (6) ICQ-Wages + Salaries (7) ICQ-Stock and Work-in-progress (8) ICQ-Other	31/08/91 30/09/91 31/10/91 31/11/91 31/12/91 31/01/92 28/02/92 31/03/92	1) Test for weaknesses in existing procedures immediately after completing each questionnaire. 2) Submit internal control report to GM latest by 15th of next month after each test-check.	Internal Auditor and Assistant Internal Auditor.	Continue with test-checks on random basis throughout the plan period up to 31.12.92.

STRATEGIES AND DETAILED ACTION PLAN SHEET

INTERNAL AUDIT 1 CONTD..
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		(2) Draw up and implement Audit programme to cover all functional areas of the company.	Internal Auditor	(1) Obtain GM's approval to audit programme.	(1) Within one week of submission	(1) Identified weaknesses report to General Manager.	(1) Monthly during plan period or as necessary in cases of special audits at the request of GM, HOD or on own initiative.	(1) Carry out regular audit checks to enforce revised systems.	Internal Auditor and Assistant Internal Auditor	Continue throughout the plan period up to 31.12/96
				(2) Carry out audit programme.	(2) Throughout plan period up to 31/12/96	(2) Routine Audit Progress Reports to General Manager.	(2) Monthly, quarterly and annually during plan period.	(2) Assist Clerks or Officers to implement recommendations.		

STRATEGIES AND DETAILED ACTION PLAN SHEET

INTERNAL AUDIT 2
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1) Ensure that the Company's Management systems and procedures hold it in the right strategic direction.	1) Conduct quarterly management systems audit	Internal Auditor	Review quarterly reports and assess impact of management systems in terms of achieving the corporate mission.	Quarterly up to 31/12/96	Quarterly Internal Auditor's report to GM on achievements of Company relative to its mission.	By end of first week after each quarter during the plan period	1) Ensure that corrective action is taken to re-direct Company towards its mission.	Internal Auditor	By end of the second week after each quarter during the plan period.
		2 Review and identify possible areas of cost reduction as well as comment on efficiency of operations in the ff. areas: a) Production b) Marketing c) Personnel d) Accounts e) Administration f) Other.	Internal Auditor	Study work methods and areas of waste such as: a) Evaporation of Enguli b) Breakage of bottles c) Spillage d) Selling & distribution costs e) Stationery usage etc. and submit recommendations to GM for improvement.	31st July of each year of the plan period	Departmental cost reduction and work methods improvement reports to GM and relevant Heads of Department.	31st Dec. of each year of plan period	Ensure cost reduction and work methods improvements carried out.		31st January of each year of plan period.

STRATEGIES AND DETAILED ACTION PLAN SHEET

INTERNAL AUDIT 3
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. Ensure proper protection of the Company's properties and assets.	Physically inspect and confirm existence and location of all Company properties and assets.	Internal Auditor	(1) Arrange for all Company fixed assets to be coded. (2) Supervise codification of fixed assets.	31/12/92	(1) Fixed assets codification list to GM for approval.		Oversee codification of all Company fixed assets.	Internal Auditor	31/12/92 and whenever new fixed assets acquired up to 31/12/96.
				(3) Carry out monthly checks on physical existence and location of assets.	End of 1st week of following mth. during plan period up to 31/12/96.	(2) Monthly fixed assets inspection report to GM including information on ownership and valuation.	By end of 2nd week of following month during plan period.	(1) Ensure necessary maintenance of fixed assets carried out by Company.	Internal Auditor	By end of 3rd week of following month during plan period up to 31/12/96.
				(4) Ensure all fixed assets of company are properly insured against appropriate risks.	By 31st December of each year up to 31/12/96	Fixed assets insurance cover report to GM.	By end of 1st week in January of each year during plan period.	Ensure fixed assets not insured are provided with insurance cover.	Internal Auditor	By end of 2nd week of January of each year during plan period up to 31/12/96.
				(4a) Ensure adequate insurance on all other assets as necessary.						

STRATEGIES AND DETAILED ACTION PLAN SHEET

INTERNAL AUDIT 4
GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORT(S) TO BE SUBMITTED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	4) Obtain sufficient funding to cover Departmental activities	Prepare departmental budget.	Internal Auditor	Prepare draft Departmental Budget and discuss with General Manager.	31/09/91 and thereafter by 6th Sept. annually.	Budget Proposal Form to General Manager.	04/09/91	1) Revise Departmental Budget and submit Budget Proposal Form to Chief Accountant.	Internal Auditor	06/09/91
								2) Attend budget hearing meeting(s).	Internal Auditor	04/10/91 annually up to 31/10/96
								3) Obtain copy of approved budget.	Internal Auditor	31/10/91

APPENDIX 4

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDING 31ST DECEMBER 1992-1996 ('000,000)

	1992	1993	1994	1995	1996
Gross Sales	1908	2265	2634	3009	3399
Local Sales	1870	2152	2502	2768	3059
Less Tax	774	891	1036	1146	1226
Net Local Sales	1096	1261	1466	1622	1833
Add Export Sales	38	113	132	241	340
	----	----	----	----	----
TOTAL NET SALES	1134	1374	1598	1863	2173
Less: Cost of Sales					
Variable Production Cost	743	866	990	1114	1238
Fixed Production Cost	108	108	108	108	108
Gross Operating Margin	283	400	500	641	827
Add Other Income (Feints and Scrap Sales)	5	6	7	8	9
	----	----	----	----	----
TOTAL GROSS INCOME	288	406	507	649	836
Less:					
Marketing and Selling Expenses	80	93	107	120	133
Accounting and Financial Expenses	421	350	279	209	138
Administration Expenses (including depreciation)	251	278	304	309	322
	----	----	----	----	----
PROJECTED PROFIT BEFORE TAX	(464)	(315)	(183)	11	243
Tax (40%)	-	-	-	5	98
	----	----	----	----	----
PROJECTED PROFIT AFTER TAX	(464)	(315)	(183)	6	145

APPENDIX 5

EAST AFRICAN DISTILLERIES LIMITED
CASH FLOW STATEMENT 1992 - 1996
('000,000)

	1992	1993	1994	1995	1996
Debtors Collections in respect of prior year's	1145	1359	1574	1799	2032
Sales	-	32	38	44	50
Debtors Collections in Current Year	731	868	1016	1160	1310
Other Cash Proceeds (Feints + Scrap Sales)	5	6	7	8	9
Bank Loan	960	-	-	-	-
TOTAL CASH INFLOWS	2841	2265	2635	3011	3401
CASH OUTFLOWS					
Fixed Assets Acquisitions	403	345	10	10	10
Corporate Tax	-	-	-	5	98
Production Expenses	201	230	259	288	317
Selling and Administrative Expenses	219	229	244	282	321
Financial Expenses (including Interest Payments)	420	350	279	207	138
Local purchases of inputs	743	780	819	860	903
Government Taxes	774	891	1036	1146	1226
Dividend	0	0	0	0	50
TOTAL CASH OUTFLOWS	2760	2825	2647	2798	3063
Net Cash Inflow/(Outflow)	81	(560)	(12)	213	338
Opening Cash Balance	(20)	61	(499)	(511)	(298)
Cash (Deficit)/Surplus	61	(499)	(511)	(298)	40
Closing Cash Balance	61	(499)	(511)	(298)	40

APPENDIX 6

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED CASH FLOW STATEMENT
1992 - 1996 ('000,000)

	1992	1993	1994	1995	1996
CASH INFLOWS					
Cash sales proceeds	1717	2039	2371	2708	3059
Collections from Debtors during year	1126	1302	1544	1731	1955
Collections from Debtors in respect of previous year	68	19	57	66	75
Other Cash Proceeds	5	6	7	8	9
Bank Loan	960	-	-	-	-
Investment Proceeds	-	-	-	-	-
	----	----	----	----	----
TOTAL CASH INFLOWS	3876	3366	3979	4513	5098
CASH OUTFLOWS					
Fixed Assets Acquisitions	403	345	10	10	10
Corporation Tax	7	41	172	240	377
Production Expenses	201	230	259	288	317
Selling and Administrative Expenses	219	229	244	282	321
Financial Expenses (including Interest Payments)	420	350	279	207	138
Purchases of Inputs	743	780	819	860	903
Government Taxes	1161	1378	1571	1720	1900
Loan Repayments	234	192	192	192	192
Dividend	0	0	100	200	300
	----	----	----	----	----
TOTAL CASH OUTFLOWS	3388	3545	3646	3999	4458
Net Cash Inflow/(Outflow)	488	(179)	333	514	640
Opening Cash Balance	(20)	468	289	622	1136
Cash (Deficit)/Surplus	468	289	622	1136	1776

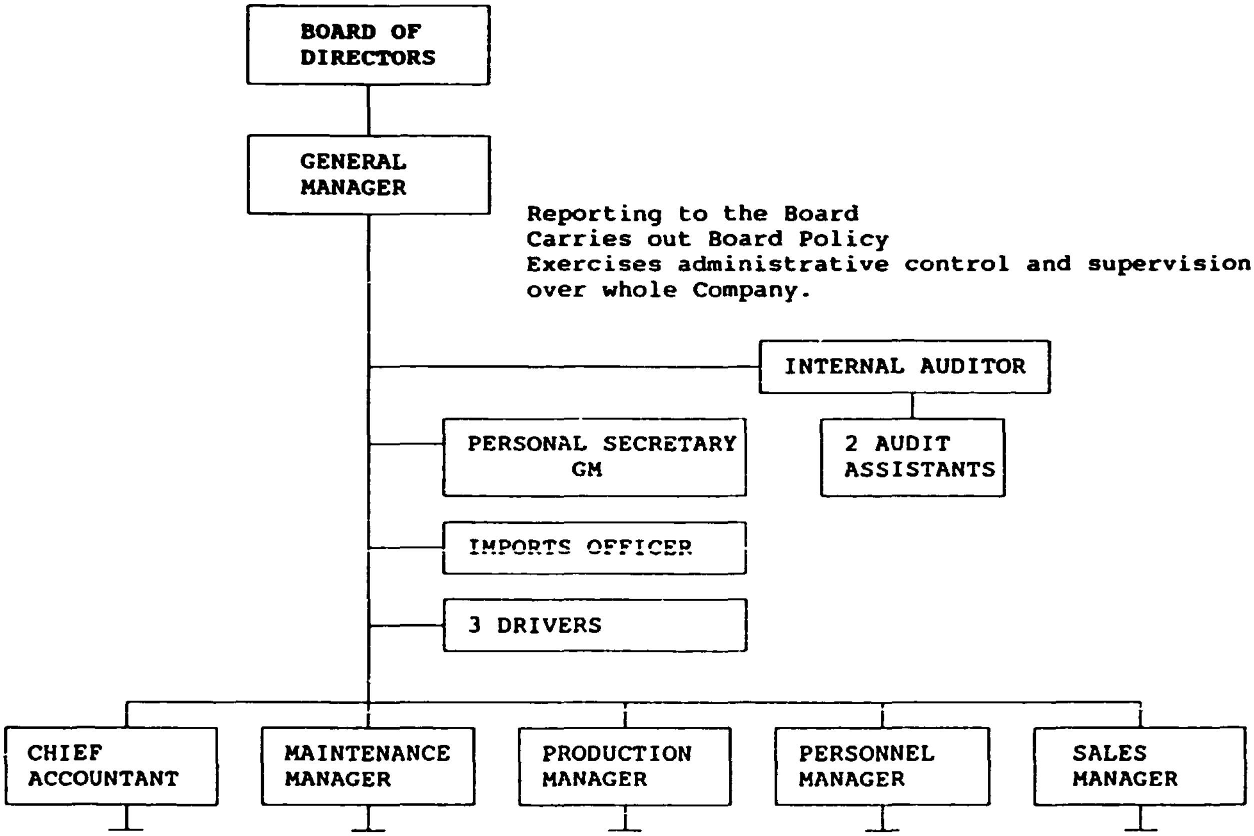
APPENDIX 7

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED DEBT REPAYMENT SCHEDULE
('000,000)

PRINCIPAL	INTEREST	REPAYMENT	BALANCE
42	42	42	-
960	384	192	768
768	307	192	576
576	230	192	384
384	154	192	192
192	77	192	-

APPENDIX 3

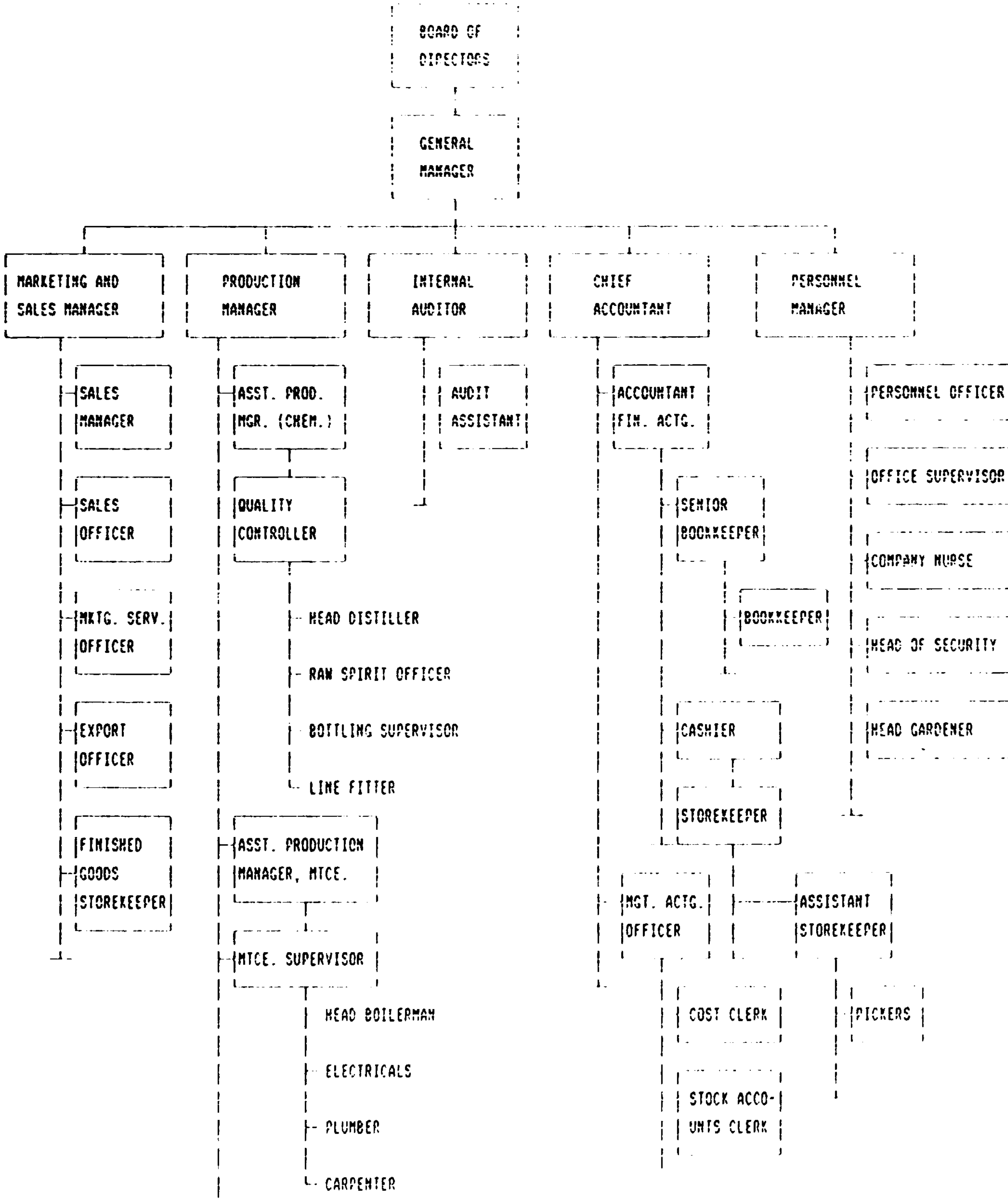
EAST AFRICAN DISTILLERIES LIMITED
PRESENT ORGANIZATION CHART



KEY:

⊥ Other positions below levels shown

APPENDIX 9
PROPOSED ORGANIZATION CHART



NOTE: 1) Other Personnel in Department or Section
2) This Chart Depicts Reporting Relationships only and Not Hierarchy or Grade.

APPENDIX 10

EAST AFRICAN DISTILLERIES LIMITED

FINANCIAL RATIOS (IN %)

RATIO	FORMULA	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Variables to	(Net sales minus variable	80.8	79.1	58.4	45.9	55.7	51	56.7	59.1	58.4	60.1	61.3
Sales Margin	cost of goods sold)/net sales	51.9	42.6	3.0	11.3	41.4	50.0	49.9	54.0	54.0	56.2	57.9
Operational Margin	((1) minus fixed cost)											
to Sales	Net sales											
Net Operating	((2) minus cost of	51.8	36.9	0.15	8.0	37.2	(12.6)	15.2	37.5	40.1	49.7	53.8
Profit to Sales	finance) net sales											
Return on Equity	(3) Equity and reserves	137	9	(.01)	16.7	7.9	(12.2)	21.7	47	44.3	49.1	46.5
Return on	(3) divided by liabilities	45.51	9.42	2.09	10.33	7.0	(10.3)	5.9	23.6	30.0	41.3	46.51
Total Capital	and equity											
Equity to	Equity and reserves/total	33.99	55.14	69.55	52.05	39.1	84.5	17.4	48.9	67.9	95.9	[illegible]
Total Capital	Capital											
Current Ratio	Current assets/current	131	127	129	140	178.6	136.7	373.7	229.0	204	193.6	[illegible]
	liabilities											
Gearing	Long term debts/equity,	-	0.02	2.6	11.6	12.1	19.3	363.0	104.7	47.4	16.73	-
	reserves, ret. profit											
Acid Test	(Cash + Debtors + Marketable	105	175	61	85	72.0	65.5	256.4	110.4	114.6	122.2	129.7
	securities)/current liabilities											
Debt to Gross	(Long + Short term Loans)/(Net	-	12	145	61	59.2	(41)	441.3	136.4	73.5	27.1	-
Cash Flow	Profit + Depreciation)											
Stock Turnover	Total cost of goods sold/stock	252	258	857	927	305.8	210.3	372.8	253.3	200.0	169.4	149.0
Administration		22	25	32	23	29.9	23.8	14.7	13.1	12.7	11.0	10.0
Overheads to Sales												
Marketing		0.7	3.2	2.1	2.4	6.0	3.8%	4.7	4.3	4.4	4.2	4.1
Overheads to Sales												
Marketability	Stocks/working capital	84	169	34	138	135.8	213.5	42.7	91.8	85.8	76.3	67.6
....	Equity and reserves/fixed	274.29	103.56	110.41	127.72	104.3	97.8	55.3	77.6	145.7	277.5	539.6
	assets (net)											
	Fixed Assets (net) current assets	13.67	569.86	170.23	68.78	121.0	147.1	72.2	95.1	44.3	21.7	10.9

EAST AFRICAN DISTILLERIES LIMITED
DEPRECIATION SCHEDULE

	LAND AND BUILDINGS (4%)	PLANT AND MACHINERY (7 1/2 - 16%)	LABORATORY EQUIPMENT (12 1/2%)	MOTOR VEHICLES (25%)	FURNITURE AND FITTINGS (12 1/2 - 15%)	TOTAL
COST:						
01.01.92	83,326,740	156,139,369	9,415,390	52,444,402	29,334,011	330,659,912
Additions	10,000,000	209,167,240	43,143,663	82,000,000	58,525,000	402,835,903
31.12.92	93,326,740	365,306,609	52,550,053	134,444,402	87,859,011	733,495,815
Depreciation						
01.01.92	11,506,535	54,285,351	1,778,427	21,006,278	7,299,637	95,876,228
Charge	3,733,070	54,795,991	6,569,882	33,611,101	13,178,852	111,888,896
31.12.92	15,239,605	109,081,342	8,348,309	54,617,379	20,478,489	207,765,124
Net Book Value						
01.01.92	71,820,205	101,854,018	7,636,963	31,438,124	22,034,374	234,783,684
31.12.92	78,087,135	256,225,267	44,210,744	79,827,023	67,380,522	525,730,691
COST:						
01.01.93	93,326,740	365,306,609	52,559,053	134,444,402	87,859,011	733,495,815
Additions	10,000,000	334,940,000	-	-	-	334,940,000
31.12.93	103,326,740	700,246,609	52,559,053	134,444,402	87,859,011	1,078,435,815
Depreciation						
01.01.93	15,239,605	109,081,342	8,348,309	54,617,379	20,478,489	207,765,124
Charge	4,133,070	105,036,991	6,569,882	33,611,101	13,178,852	162,529,896
31.12.93	19,372,675	214,118,333	14,918,191	88,228,480	33,657,341	370,295,020
Net Book Value						
01.01.93	78,087,135	256,225,267	44,210,744	79,827,023	67,380,522	525,730,691
31.12.93	83,954,065	486,128,276	37,640,862	46,215,922	54,201,670	708,140,795

	LAND AND BUILDINGS (4%)	PLANT AND MACHINERY (7 1/2 - 16%)	LABORATORY EQUIPMENT (12 1/2%)	MOTOR VEHICLES (25%)	FURNITURE AND FITTINGS (12 1/2 - 15%)	TOTAL
COST:						
01.01.94	103,326,740	700,246,600	52,550,053	134,444,402	87,850,011	1,078,435,815
Additions	10,000,000	-	-	-	-	10,000,000
31.12.94	113,326,740	700,246,600	52,550,053	134,444,402	87,850,011	1,088,435,815
Depreciation						
01.01.94	19,372,675	214,118,333	14,918,101	88,228,480	33,657,341	370,295,020
Charge	4,533,070	105,036,991	6,569,882	33,611,101	13,178,852	162,929,896
31.12.94	23,905,745	319,155,324	21,488,073	121,839,581	46,836,193	533,224,916
Net Book Value						
01.01.94	83,954,065	486,128,276	37,640,862	46,215,922	54,201,670	708,140,795
31.12.94	89,420,995	381,091,285	31,070,980	12,604,821	41,022,818	555,210,899
COST:						
01.01.95	113,326,740	700,246,600	52,550,053	134,444,402	87,850,011	1,088,435,815
Additions	10,000,000	-	-	-	-	10,000,000
31.12.95	123,326,740	700,246,600	52,550,053	134,444,402	87,850,011	1,098,435,815
Depreciation						
01.01.95	23,905,745	319,155,324	21,488,073	121,839,581	46,836,193	533,224,916
Charge	4,933,070	105,036,991	6,569,882	12,604,821	13,178,852	142,323,616
31.12.95	28,838,815	424,192,315	28,057,955	134,444,402	60,015,045	675,548,532
Net Book Value						
01.01.95	89,420,995	381,091,285	31,070,980	12,604,821	41,022,818	555,210,899
31.12.95	94,487,925	276,054,294	24,501,098	-	27,843,966	422,887,27[illegible]

	LAND AND BUILDINGS (4%)	PLANT AND MACHINERY (7 1/2 - 16%)	LABORATORY EQUIPMENT (12 1/2%)	MOTOR VEHICLES (25%)	FURNITURE AND FITTINGS (12 1/2 - 15%)	TOTAL
COST:						
01.01.96	123,326,740	700,246,609	52,550,053	134,444,402	87,850,011	1,098,435,815
Additions	10,000,000	-	-	-	-	10,000,000
31.12.96	133,326,740	700,246,609	52,550,053	134,444,402	87,850,011	1,108,435,815
Depreciation						
01.01.96	28,838,815	424,192,315	28,057,955	134,444,402	60,015,045	675,548,532
Charge	5,533,070	105,036,991	6,569,882	-	13,178,852	130,118,795
31.12.96	34,171,885	529,229,306	34,627,837	134,444,402	73,193,897	805,667,327
Net Book Value						
01.01.96	94,487,925	276,054,294	24,501,098	-	27,843,066	422,887,273
31.12.96	99,154,855	171,017,303	17,931,216	-	14,665,114	302,768,488

APPENDIX 12(a)

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDING 31ST DECEMBER 1992-1996
('000,000)

	1992	1993	1994	1995	1996
Gross Sales	2,862	3,398	3,951	4,515	5,099
Local Sales	2,805	3,228	3,753	4,153	4,589
Less Tax	1,161	1,378	1,571	1,720	1,900
Net Local Sales	1,644	1,950	2,183	2,433	2,689
Add Export Sales	57	170	198	361	510
TOTAL NET SALES	1,701	2,120	2,381	2,794	3,199
Less Cost of Sales					
Variable Production Cost	742	865	988	1,112	1,235
Fixed Production Cost	108	108	108	108	108
Gross Operating Margin	850	1,146	1,282	1,572	1,853
Add Other Income	5	6	7	8	9
TOTAL GROSS INCOME	855	1,152	1,289	1,580	1,862
Less					
Marketing and Selling Expenses	80	91	105	117	131
Accounting and Financial Expenses	420	350	279	207	138
Administration Expenses (including Depreciation)	250	278	302	307	320
PROJECTED PROFIT BEFORE TAX	103	431	599	942	1,269
Tax (40%)	41	172	240	377	508
PROJECTED PROFIT AFTER TAX	62	259	359	565	761

APPENDIX 12(b)

EAST AFRICAN DISTILLERIES LIMITED
APPROPRIATION ACCOUNT AS AT
31ST DECEMBER 1992 - 1996
('000,000)

	1992	1993	1994	1995	1996
Balance B/F	154	216	475	735	1099
Add Profit for the Year	62	259	359	565	761
Less Dividends	0	0	100	200	300
Balance C/F	216	475	734	1099	1560

APPENDIX 13

EAST AFRICAN DISTILLERIES LIMITED
BALANCE SHEETS AS AT 31ST DECEMBER 1992 - 1996
('000,000)

	*1991	1992	1993	1994	1995	1996
Net Fixed Assets	234	526	708	555	423	303
CURRENT ASSETS						
Stocks	79	228	384	548	720	901
Debtors	68	19	57	66	75	85
Prepayments	12	13	14	15	16	17
Bank and Cash	-	468	289	622	1136	1776
TOTAL CURRENT ASSETS	159	728	744	1251	1947	2779
CURRENT LIABILITIES						
Creditors	53	110	21	206	389	634
Accruals	10	11	12	13	14	15
Bank Overdraft	20	-	-	-	-	-
Income Tax	7	41	259	359	565	761
Other Taxes	32	33	34	35	36	37
TOTAL CURRENT LIABILITIES	122	195	326	613	1004	1447
Net Current Assets	271	1059	1126	1193	1366	1635
FINANCED BY:						
Share Capital	75	75	75	75	75	75
Long Term Loan	42	768	576	384	192	-
Reserves	154	216	475	734	1099	1560
	271	1059	1126	1193	1366	1635

* *Based upon position as at 30th June 1991*

APPENDIX 14

EAST AFRICAN DISTILLERIES LIMITED
PURCHASES AND STOCK SCHEDULE
1992 - 1996
('000,000)

	1992	1993	1994	1995	1996
Beginning Stock	79	228	384	548	720
Add: Purchases	743	780	819	860	903
TOTAL STOCK AVAILABLE	822	1008	1203	1408	1623
Less: Issue for Production and other Requirements	594	624	655	688	722
Closing Stock	228	384	548	720	901

APPENDIX 15

EAST AFRICAN DISTILLERIES LIMITED
SOURCES AND USES OF FUNDS STATEMENTS
FOR THE YEARS 1992 - 1996
('000,000)

	1992	1993	1994	1995	1996
SOURCES:					
Debtors	49	-	-	-	-
Creditors	57	-	185	183	245
Accruals	1	1	1	1	1
Income Tax	34	218	100	206	196
Other Taxes	1	1	1	1	1
Equity	-	-	-	-	-
Long Term Loan	726	-	-	-	-
Reserves	62	259	259	365	461
Bank and Cash	-	179	-	-	-
Net Fixed Assets	-	-	153	132	120
TOTAL SOURCES	930	658	699	888	1024
USES:					
Net Fixed Assets	292	182	-	-	-
Stocks	149	156	164	172	181
Prepayments	1	1	1	1	1
Cash/Bank	468	-	333	514	640
Bank Overdraft	20	-	-	-	-
Equity	-	-	-	-	-
Debtors	-	38	9	9	10
Creditors	-	89	-	-	-
Long Term Loan	-	192	192	192	192
TOTAL USES	930	658	699	888	1024

APPENDIX 16

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDING 31ST DECEMBER 1992-1996
('000,000)

	1992	1993	1994	1995	1996
Gross Sales	2,862	3,398	3,951	4,514	5,099
Local Sales	2,805	3,228	3,753	4,153	4,589
Less Tax	1,161	1,378	1,571	1,720	1,900
Net Local Sales	1,644	1,850	2,182	2,433	2,689
Add Export Sales	57	170	198	361	510
TOTAL NET SALES	1,701	2,020	2,380	2,794	3,199
Less Cost of Sales:					
Variable Production Cost	779	908	1,037	1,168	1,297
Fixed Production Cost	108	108	108	108	108
Gross Operating Margin	814	1,004	1,235	1,518	1,794
Add Other Income	5	6	7	8	9
TOTAL GROSS INCOME	819	1,010	1,242	1,526	1,803
Less:					
Marketing and Selling Expenses	84	96	110	123	138
Accounting and Financial Expenses	441	368	293	217	145
Administration Expenses (including Depreciation)	263	292	317	322	336
PROJECTED PROFIT BEFORE TAX	51	255	521	864	1,185
Tax (40%)	18	102	209	346	474
PROJECTED PROFIT AFTER TAX	19	153	313	518	711

APPENDIX 17

EAST AFRICAN DISTILLERIES LIMITED
PROJECTED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDING 31ST DECEMBER 1992-1996
('000,000)

	1992	1993	1994	1995	1996
Gross Sales	2,862	3,398	3,951	4,514	5,099
Local Sales	2,805	3,228	3,753	4,153	4,589
Less Tax	1,161	1,378	1,571	1,720	1,900
Net Local Sales	1,644	1,850	2,182	2,433	2,689
Add Export Sales	57	170	198	361	510
TOTAL NET SALES	1,701	2,020	2,380	2,794	3,199
Less Cost of Sales					
Variable Production Cost	816	952	1,087	1,223	1,359
Fixed Production Cost	108	108	108	108	108
Gross Operating Margin	777	961	1,185	1,463	1,733
Add Other Income	5	6	7	8	9
TOTAL GROSS INCOME	782	967	1,192	1,471	1,742
Less					
Marketing and Selling Expenses	88	100	116	129	144
Accounting and Financial Expenses	462	385	307	228	152
Administration Expenses (including Depreciation)	275	306	332	338	352
PROJECTED PROFIT BEFORE TAX	(45)	176	438	777	1,094
Tax (40%)	(17)	70	175	311	437
PROJECTED PROFIT AFTER TAX	(26)	105	263	466	656

APPENDIX 18

EAST AFRICAN DISTILLERIES LIMITED
CASH FLOW DISCOUNTING
('000,000)

	1992	1993	1994	1995	1996
Net Profit After Tax	62	259	359	565	761
Add Depreciation	116	163	163	142	130
Interest Tax Shield	255	184	138	92	46
	----	----	----	----	----
TOTAL CASH INFLOWS	429	606	660	799	937
CASH OUTFLOWS					
Investment	960	-	-	-	-
Net Cash Inflows/Outflows	(531)	606	660	799	937

Discount Rate = 40% p.a.
NPV = 553

APPENDIX 19

EAST AFRICAN DISTILLERIES LIMITED
CASH FLOW DISCOUNTING
(SCENARIO 2 - 5% INCREASE IN COST)
('000,000)

	1992	1993	1994	1995	1996
Net Profit After Tax	19	153	313	518	711
Add Depreciation	111	164	163	142	130
Interest Tax Shield	255	184	138	92	46
	----	----	----	----	----
TOTAL CASH INFLOWS	386	500	614	752	887
CASH OUTFLOWS	960	-	-	-	-
Net Cash Inflow/Outflow	(574)	500	614	752	887

Discount Rate = 40% p.a.
NPV = 430

APPENDIX 20

EAST AFRICAN DISTILLERIES LIMITED
CASH FLOW DISCOUNTING
(SCENARIO 3 - 10% INCREASE IN COST)
('000,000)

	1992	1993	1994	1995	1996
CASH INFLOWS					
Net Profit After Tax	(26)	105	263	466	656
Add Depreciation	112	163	163	142	130
Interest Tax Shield	255	184	138	92	46
	----	----	----	----	----
TOTAL CASH INFLOWS	341	452	564	700	832
Cash OUTFLOWS					
Investment	960	-	-	700	-
Net Cash Inflows/Outflows	(619)	452	564	700	832

Discount Rate = 40% p.a.
NPV = 331

APPENDIX 21

EAST AFRICAN DISTILLERIES LIMITED
REPORTS FOR MANAGEMENT INFORMATION AND OTHER REPORTS TO BE SUBMITTED DURING PLAN PERIOD FROM 1992 TO 1996

PRODUCTION:

1. Enguli Received Voucher / Quantity
-- Quality
\ Strength of Alcohol
\ Volume
\ Amount
2. Invoice/Delivery Note - SCOUL
3. Diluted Spirits Report
4. Distillation Report
5. Requisition for Fine Spirit
6. Blending Report - Requisition for inputs (eg.: Sentrates and Essences)
7. Bottling Report - Requisition for Inputs
8. Finished Goods Report by Batch
9. Monthly Production Report
10. Quarterly Production Report
11. Annual Production Report
12. Labour Time Card
13. Materials Requisition
14. Purchase Requisition
15. Overseas Indent
16. Local Purchase Order
17. Procurement + Status Report
18. Goods Inspection Note
19. Budget Proposal Form

STORES:

1. Finished Goods Received Note: (To be copied to Production and Marketing/Sales Departments)
2. Delivery Note
3. Daily Stock Position Return
4. Customs Return
5. Finished Goods Returned Note
6. Monthly Summary of Movement of Finished Goods
7. Free Issues Voucher Requisition
8. Stock Replenishment
9. Budget Proposal Form

APPENDIX 21 CONTD.

SALES:

1. Sales Invoice (Cash)
2. Sales Invoice (Credit)
3. Daily Sales Return
4. Monthly Sales Report
5. Quarterly Sales Return
6. Annual Sales Return
7. Budget Proposal Form

PERSONNEL:

1. Appointments
2. Daily Attendance Report
3. Leave Form
4. Social Security
5. Income Tax
6. Poll Tax
7. End of Service Benefits/Increments
8. Overtime Form
9. On-the-job Training Progress Report
10. Staff Performance Evaluation Reports
11. Other Training and Manpower Development Reports
12. Budget Proposal Form

ACCOUNTS

1. Daily, Weekly and Quarterly Cash Budgets
2. Weekly and Monthly Bank Reconciliation Statements
3. Monthly and Quarterly Profit and Loss Statements, Balance Sheets, and Cash Flow Statements
4. Performance Control Report
5. Budget
6. Corporate Plan
7. Financial Ratio Performance Report

APPENDIX 21 CONTD.

INTERNAL AUDIT REPORTS

1. Identified Weakness Reports
2. Routine Audit Progress Reports
3. Quarterly Internal Auditors Report
4. Departmental Cost Reduction and Work Methods Improvement Report
5. Fixed Assts Codification List
6. Monthly Fixed Assets Inspection Report
7. Fixed and Other Assets Insurance Cover Report
8. Budget Proposal Form

PART III: FINANCE AND ACCOUNTING REPORT ON EAST AFRICAN DISTILLERIES LIMITED

CHAPTER 6.0. INTRODUCTION

FINANCE AND ACCOUNTING REPORT ON EAST AFRICAN DISTILLERIES LIMITED

6.0. INTRODUCTION

6.1. Background

6.1.1. This report is based on the Finance and Accounting Programme carried out for **East African Distilleries Limited** *(EADL)* between July 22 to August 16, 1991 as part of Technical Assistance rendered under Contract No. BR/UGA/89/001 to the **Public Industrial Enterprises Secretariat** *(PIES)* by **Industrial and Management Services Limited** *(IMAS)*.

The programme was designed after a preliminary study of the overall operations of **East African Distilleries Limited** by **Industrial and Management Services Limited** as indicated in the **IMAS** Progress Report to **UNIDO** dated July 1991.

6.2. Programme Aims and Scope

The programme aimed at the following:-

6.2.1. Identifying and recommending areas of potential cost reductions in the Company's operations.

6.2.2. Evolving an efficient management information system at **EADL** which will guarantee cost consciousness at all operational levels and at the same time create a sense of functional responsibility for cost effectiveness.

6.3. Programme Objectives

It was expected that by the end of the programme, the Head of the Accounting and Finance Department of **EADL** and his subordinates would be able to do the following:-

6.3.1. *Develop a Cost Accounting System which will*:

a) ensure that costs of finished products will not transfer cost of any inefficiencies in production to the ultimate consumer;

b) provide flexible cost structures that will facilitate pricing of the finished goods according to market segments - low income, middle and high income group and export;

c) be adaptable to computerization;

d) adopt a method of batch costing to enable product cost to be audited and monthly production reports to be analyzed.

6.3.2. *Develop a Budgeting System for EADL which will*:

a) create responsibility accounting;

b) motivate high performance by all functions in the areas of cost cutting and profit maximization;

c) provide instant checks and put an end to unplanned spending;

d) provide a feedback mechanism for actual departmental performance in relation to planned performance approved for annual profit plans;

e) be adaptable to computerization;

6.3.3. ***Develop an Improved Reporting System which will:***

a) be capable of identifying and reviewing management information needs at all times;

b) prescribe management information report formats for all responsibility centres, indicating levels and frequency of reporting;

c) be adaptable for computerization;

d) set target reporting dates;

e) provide opportunities for feedback on reports.

6.3.4. ***Develop a Detailed Controlling System which will:***

a) utilise effective financial and management accounting systems and procedures well suited for capturing data required in the processing of basic periodic financial information viz:-
- *Profit and Loss Account*
- *Balance Sheet*
- *Funds Flow Statement*

b) enhance management control of operations through exception reporting which highlights deviations of actual performance from planned performance within a budget period;

c) demand periodic and timely analysis of the Company's business situation in terms of its liquidity and profitability.

6.3.5. ***Develop a Financial Planning System which will:***

a) enhance top management control of enterprise cash and working capital through the preparation of weekly, monthly, quarterly and annual cash budgets.
- *the preparation of debtors monthly ageing analysis.*
- *the preparation of monthly analysis of stock in-trade at current selling price, indicating realizable mark-up and unrealised Government taxes.*

b) support tax planning.

6.3.6. *Develop a Liquidity Control System which will*:

a) provide an ideal measure of the extent to which the Company should be deemed prepared to satisfy all maturing financial obligations under both normal and abnormal operating conditions.

CHAPTER 7.0. SUMMARY OF RECOMMENDATIONS

7.0. SUMMARY OF RECOMMENDATIONS

This section of the report summarises all the major systems recommendations made in the remaining chapters.

7.1. Cost Accounting System

7.1.1. Batch costing method should replace the present aggregate costing method.

7.1.2. Last-In-First-Out *(L.I.F.O)* method should be adopted in valuing material issues to production.

7.1.3. Labour hourly rate should form the basis for labour cost charge to batch production.

7.1.4. Weekly summary of batch cost should be prepared.

7.1.5. Cost of bottles should be excluded from product cost.

7.1.6. Separate bottles accounting should be instituted to recover full costs of investment in bottles.

7.1.7. Staff Cost Recovery Account should be operated in order to recoup labour cost losses.

7.1.8. Alternative Product Costing for Low Income Group should be adopted.

7.1.9. Planned Capacity Absorption Rate should be adopted as a basis for charging fixed overheads to production.

7.2. Budgeting System

7.2.1. A Budget Committee made up of all Heads of Department and the General Manager should be set up to co-ordinate all budgeting activities. The Committee should be chaired by the General Manager.

7.2.2. Monthly, quarterly and annual budgets should be prepared and submitted according to well defined deadline dates.

7.2.3. Responsibility Accounting should be enforced in budgetary control reporting.

7.3. Reporting System

7.3.1. A new Monthly Production Cost Account format and Monthly Profit and Loss Account format should be used.

7.4. Controlling System

7.4.1. Variance analysis should be extended to include variances of material cost, labour cost and overhead costs.

7.5. Financial Planning System

7.5.1. Weekly, monthly, quarterly and annual cash budgets should be prepared and submitted on deadline dates.

7.6. Liquidity Control System

7.6.1. **EADL** should formulate a tax plan which will use piecemeal payment schemes for sales taxes and excise duty.

7.6.2. Deposit at Notice Account should be opened at Uganda Commercial Account.

7.6.3. Trend analysis should be done in respect of current and acid-test ratios.

7.6.4. Monthly Debtors Ageing Analysis should be prepared.

7.7. Systems Implementation

7.7.1. In order to fully cover all the developed systems on the computer, further training of **EADL** Accounts Staff in more computer applications should be pursued.

7.8. Cost Control

7.8.1. An effective clocking system should be introduced as soon as possible.

7.8.2. The use of Logbooks on all Company vehicles should be enforced.

7.8.3. Vehicle sub-cost centre accounts should be introduced to check running cost of the Company's fleet of vehicles.

7.8.4. The use of brand new cartons for packing empty bottles should be discontinued forthwith.

7.8.5. Management fees should be critically reviewed.

7.8.6. Full advantage of concessions under the 1991 Finance Bill regarding Import Duty should be taken.

7.8.7. The Company should lobby for extension of concessions under the Finance Bill to cover Excise Duty Payments.

7.8.8. The Company should discriminate in the use of overdraft facility.

CHAPTER 8.0. SYSTEMS REVIEW AND DEVELOPMENT

8.0. SYSTEMS REVIEW AND DEVELOPMENT

8.1. Review and Development Methodology

8.1.1. *Operations Review*

In reviewing all the Company's operations with an eye on possible cost reductions, suitable questionnaires were designed for each functional area in order to gain an insight into operations in each functional area as detailed below:-

Functional Area	**Operations Reviewed**	
(i) Production	a.	Purchasing - both local and overseas.
	b.	Raw material stores accounting and finished goods.
	c.	Production processes.
	d.	Methods of accounting for the process costs.
	e.	Preventive maintenance schemes
	f.	Vehicle running.
(ii) Personnel	a.	Wages and salaries administration.
	b.	Attendance registration.
	c.	Clock-card system.
(iii) Administration	a.	Management fees.
	b.	Technical fees.
	c.	Oth · administrative expenses.
(iv) Accounting and Finance	a.	Bank and Cash Control.
	b.	Revenue, Expenditure planning and controlling.
	c.	Acquisition, recording and disposal of fixed assets.
	d.	The incidence of Taxes and Duties on movement of raw materials and finished goods.
	e.	Cash planning.

Functional Area		Operations Reviewed	
(v)	Sales	a.	Sales Accounting
		b.	Credit Control
		c.	Sales Planning

8.1.2. The Chief Accountant and his subordinates were fully engaged with the Finance and Accounting Specialist throughout the above phases, discussing all identified areas of possible cost reduction and examining the practicabilities of all recommendations made in the light of production methods, the raw enguli supply the consumer demand of finished products, Banking and Taxation.

8.1.3. On a number of occasions, personnel from **PIES** *(Public Industrial Enterprises Secretariat)* joined in the discussions.

8.1.4. Appendix 1 shows extracts of minutes of a meeting which discussed Cost Control.

8.2. Chart of Accounts

8.2.1. *Existing EADL Chart of Accounts*

Appendix 2 shows the accounts codes that were followed in capturing data on transactions for processing accounting information duri g the pursuance of the programme.

As a step towards the creation of a formalized integrated planning, budgeting, costing, reporting and controlling management system, responsibility centres have been created and assigned with accounts codes.

8.2.2. *Adaptation of PIES Chart of Accounts*

A critical appraisal of the recommended chart of accounts embodied in the **PIES** Financial and Costing Manual was made.

The principal objectives of the PIES Chart of Accounts are to serve as a guide to data capturing, information processing and uniformity in reporting by companies whose operations are monitored by **PIES**.

In order to suit the specific operations of **EADL**, the **PIES** Chart of Accounts was adapted with modifications in sections considered necessary for meeting the processing requirements of the new management information system recommended for **EADL**.

The **PIES** - adapted Chart of Accounts was subsequently set up on the **EADL** computer on August 16th, 1991. Appendix 3 is the exhibit.

8.3. Cost Accounting System

8.3.1. *Creation of Cost Centres*

On the basis of the insight gained into the production processes at the **EADL** factory, a redefinition of the cost centres deemed relevant was made as follows:-

1. *Enguli and Raw Spirit*
2. *Dilution*
3. *Distillation*
4. *Blending*
5. *Filtration*
6. *Bottling and Packaging*

8.3.2. <u>*Accounting Treatment*</u>

In order to arrive at the cost of the finished product therefore, the purchase cost of basic raw materials inputs, the labour used and other direct and indirect production costs should be captured at each of the above Cost Centres and transferred from the Enguli and Raw Spirit Centre through the intervening centres to the Bottling and Packaging Cost Centre.

Information needed to build up the costs should be supplied by the Production Department as per details on Appendices 4 and 5: Weekly Production Report and Daily Labour Usage Report respectively. Table on page 154 gives an outline of how the information obtainable from the above two reports should be treated in building up the cost centre accounts at each successive stage.

TABLE 8a

ACCOUNTING TREATMENT FOR COST CENTRE TRANSACTIONS

COST CENTRE	REQUIRED SOURCE DOCUMENTS	ACCOUNTING TREATMENT
ENGULI AND RAW SPIRIT	- Enguli Purchase Voucher - SCOUL Sales Invoice Cum Delivery	DR: Enguli Purchases or DR: Spirit Purchase A/C CR: Cash or Supplier A/C with Value Received
		DR: ESP A/C
	- Daily Labour Usage Report (Ref.	DR: Labour Usage A/C CR: Production Labour Control A/C
DILUTION	- Weekly Production Report	DR: D.W.U. A/C (Dilution Water Usage A/C) CR: N.W.S. Corp A/C DR: Enguli and Raw Spirit Usage A/C CR: ESP Spirit A/C
DISTILLATION	- Weekly Production Report and Daily Labour Usage Report	DR: Fine Spirit Stock A/C CR: Distillation A/C DR: Feints Stock A/C; CR: Dist A/C DR: Distillation A/C (Quantity @ Value) CR: Dilution A/C with value of Dilute Alcohol transferred for Distillation

COST CENTRE	REQUIRED SOURCE DOCUMENTS	ACCOUNTING TREATMENT
BLENDING	- Blending Report	Upon requisition of Spirit: (according to product line or brand) DR: Blending A/C with quantity and value CR: Fine Spirit Stock A/C - used in blending Upon requisition of Sentrates: (according to product line or brand) DR: Blending A/C with quantity and value CR: Sentrates (material) A/C issued
FILTRATION A/C	- Daily Labour Usage Report - Weekly Production Report	Pre-Bottling Filtration DR: Filtration Cost A/C CR: Filter Sheets A/C DR: Individual brand size (eg. Uganda Waragi 75cl, 30cl) with the cost of filter sheets used according to volume. CR: Filtration Cost A/C
BOTTLING	- Store Requisition Voucher	DR: Respective Product Sizes by Batch CR: All other materials
FINISHED GOODS	- Batch Report/Store Receipt Voucher	
METHOD 2 (No bottles used)	- Weekly Production Report - Batch Report/Store Receipt Voucher	DR: Finished Goods Stock CR: Blended Alcohol Stock A/C

FINANCIAL ACCOUNTING TREATMENT

Upon purchase of Enguli and Raw Spirit

Dr. EST A/C

Cr. Cash or Creditors A/C

ACCOUNTING FOR THE PAY ROLL

Dr. Responsibility Centre (say Administration, Production, Sales, etc. with Salaries/Wages and Basic Allowances.

Cr. Salary and Wages Payable A/C with Net Payable (ie. Basic - NSSF + all other deductions excluding idle time costs). This is to be passed at the beginning of the month. Cr. various Deductions A/Cs.

ACCOUNTING FOR WATER USAGE

Water Bill - DR NWSC
DR Cash/Bank

8.3.3. *Method of Costing for Material Issues*

In the Kienbaum and Partner Report on **EADL**, reference was made to the lack of a systematic method of charging raw material and consumables to production on a consistent basis. This assertion was confirmed during our review.

Almost invariably, material issues to production had been costed at lower than the actual prices of the inputs at the time of purchase by reference to old cost sheets on imported raw materials.

This was because, given the variety and multiplicity of direct and indirect materials often issued to production, the officer in charge of costing did not have the facility to refer to detailed purchase documents on each item every now and then.

Consequently, the cost of the finished products were under-valued leading to unrealistic gross profit margins, as evidenced in the financial results of 1987 and 1988.

8.3.4. *Last In First Out (L.I.F.O)*

In order to solve once and for all, this problem of distortions in the valuation of finished product, three alternative methods for valuing material issues were critically examined in turn and practically tested for accuracy and ease of application, in consultation with the Chief Accountant and the Assistant Accountant *(Costing)*. These were:-

i. "First In First Out" method (Appendix 6)
ii. "Average Pricing" (Appendix 7)
iii. "Last In First Out" Method (Appendix 8)

The Consultants recommend the *Last In First Out (LIFO)* method for use by the Accounts Department in valuing material issues.

8.3.5. *Method of Costing for Labour*

On the basis of approved monthly wage or salary per productive worker and the expected number of productive hours per month, the labour hourly rates should be calculated, taking into account all other employment costs. This shall be the basis of labour cost charge to batch production.

Once a production worker clocks in at the security gate and walks to the factory, he will be expected to work, given allowance for changing over and machine set-up times, until he finally clocks out for break or at close of business.

Thus, if a productive worker's time is effectively used by Management in the factory in converting raw materials to finished goods, the conversion cost will wholly include the total cost of hiring and maintaining such a productive worker for the duration of the production process.

As a recommended method therefore, the labour cost component of each batch to be produced should be ascertained and allocated to production by multiplying the individuals (or groups) time cost rate(s) to the reported number of hours worked by grade and per batch. Appendix 6, Daily Labour Usage Report, exhibits the batch report format for capturing basic information on productive labour per batch per grade.

8.3.6. *Illustration*

Assuming in the Bottling Cost Centre, the following grades of productive labour were engaged in a single batch production of Uganda Waragi *(75cl)*.

GRADE	TIME WORKED	RATE	LABOUR COST TO BE ALLOCATED
1	5 hrs.	800	4,000
2	5 hrs.	700	7,000
3	6 hrs.	500	9,000
Total Labour Cost to be Allocated			Ush. 20,000

The above schedule which can be formatted on the computer for ease of calculation should always be prepared on the basis of a batch report to be furnished to the Accounting Department from the Production Department on a daily basis.

8.3.7. *Accounting Treatment*

Debit : Batch Cost A/C

Credit : Labour Cost Control A/C, with actual cost of labour hours worked.

This method of costing for labour therefore should replace the present method of aggregating the wages and salaries bill for a whole month without any possibility of relating same to batches produced during the relative production period.

8.3.8. *Staff Cost Recovery Account*

Cost of absenteeism should be recovered by the Company on the basis of the relevant hourly rate multiplied by the actual number of hours absent.

The rate shall be derived from the approved number of hours expected to be worked per month in relation to the approved pay scale per month plus attendant staff costs.

<u>Example</u>: A absented himself from work for 2 working days in August, 1991, ie. 16 hours (2 x 8 hrs. per day). Assuming

A's basic wage is	=	Ush. 60,000
and Benefits 50% of Basic Wage	=	30,000
A's total cost for 160 hrs	=	90,000

Expected Labour hourly rate is therefore Ush. 562.50 *(ie. Ush 90,000/160 hrs. in four weeks each producing 40 hrs)*.

The total amount of loss to the Company through the absenteeism is *(Ush. 562.5 x 16) or Ush. 9001.60*.

8.3.9. ***<u>Recovery of Staff Cost Lost Through Absenteeism</u>***

In order to hold in check the incidence of costs incurred through unauthorized absenteeism of staff, the creation and operation of a staff Cost Recovery Account is highly recommended. The counterpart of this account will be the departmental salaries and wages account. The accounting treatment will be as follows:

Debit : Staff Cost Recovery Account

Credit : Departmental Salaries and Wages Account, with the total amount of staff Cost recovered by Month.

The total recoverable amount will be obtained from the monthly payroll.

In this connection, it is recommended that the Personnel Department should be required to send to the Chief Accountant by 9.00 a.m each working day, daily returns on staff and their total clocked times worked during the previous working day.

The recommended accounting treatment for the monthly payroll incorporating the staff cost recovery concept is as follows:-

Debit	:	Salaries and Wages Account (by department other than production)
Debit	:	Production Labour Cost Control Account
Credit	:	Staff Costs Recovery Account
Credit	:	Salaries and Wages Payable Account
Credit	:	Other Statutory Deductions Payable Accounts.

This treatment has been fully discussed with the Chief Accountant and has been found to be practicable as a means of reducing cost.

8.3.10. *Method of Accounting for Production Overheads (O/H)*

Production expenses which are neither of direct material nor direct labour should be classified under production overheads.

For ease of accounting, further classification is required viz,

i. Variable Production O/H and
ii. Fixed Production O/H

8.3.11. *Variable Production Overheads*

Variable Production Overheads are normally incurred during the process of converting a raw material to a finished product. It may therefore refer to either indirect materials or indirect labour so expended in adding value to prime *(direct material and direct labour)* cost.

Thus, all expenses other than direct material and direct labour directly traceable to the cost centres established for the processes involved in the manufacture of Uganda Waragi and other brands, should be classified as variable production overhead.

Relevant expenses items include the following:

Item	**Processes (Cost Centres) to which Traceable**
Sachets	Bottling and Packaging
Labels	- do -
Seals	- do -
Capsules	- do -
Filter Sheets	Filtration
Diesel	Distillation, Bottling
Water	Dilution and Bottling
Electricity	Distillation, Bottling
Carton Boxes	Bottling and Packaging
Dispenser Boxes	- do -
Gummed Tapes	- do -
Plastic	- do -
Glue	- do -
Cellotapes	- do -

8.3.12. *Accounting Treatment*

Apart from electricity and water consumption which are metered, the usage of the above indirect materials should be maintained on the L.I.F.O. basis *(ref. paragraph 4.4.)* just like the direct materials.

In order to capture actual cost of electricity and water consumed for dilution, distillation and bottling respectively, meters should be read for units consumed. Cost can therefore be ascertained by multiplying the current commercial rates by the units consumed in each case before being allocated.

Illustration:

During the seventh batch production for August 1991, BV7 metered consumption of utilities were as follows:-

Water	:	279 cubic meters
Dilution	:	80% - 223 M'
Bottling	:	20% - 56 M'
Electricity	:	525 kwh (kilowatt hour)
Distillation	:	85% - 446 kwh
Bottling	:	15% - 79 kwh

Assuming commercial rates then applicable were:-

Water	Ush 20/M'
Electricity	Ush 25/kwh.

In passing the relevant accounting entries, the following method (page 164), should be followed pending receipt of final bills at the end of the month.

Action		Account Line Item	Amount Ush. Debit	Credit	Cost Centre to which Traceable
i.	Debit	Dilution Water Usage	4460		Dilution
	Debit	Bottling Water Usage	1120		Bottling
	Credit	National Water & Sewerage Corp. A/C		5550	
ii.	Debit	Distillation Power Usages A/C	11150		Distillation
	Debit	Bottling Power Usage A/C	1975		Bottling
	Credit	U.E.B. A/C		13125	

In respect of Filtration and Bottling processes, the required method, which is similar to the above should be as follows:-

Action	Account Line Item	Amount Ush. Dr	Cr	Traceable to Cost Centre
Debit	Filter Sheet Usage A/C	xx		Filtration
Credit	Filter Sheets Stock A/C		xxx	Filtration
Debit	All Individual Direct Material usage A/Cs	xx		Bottling
Credit	Indirect Material Stock Accounts		xxx	

In ascertaining the costs of individual indirect material consumption to be based on requisitions duly signed by the Production Manager, reference should be made to all the identifiable material stocks sheets kept on L.I.F.O. method for issues.

8.3.13. ***Fixed Production Overheads***

Fixed production overhead on the other hand, is a period cost and cannot be traced to a process. Yet it is the kind of expenditure which will normally be incurred irrespective of the number of batches produced per a given period.

In the accounting system of **EADL**, these include:

- Depreciation of Factory Plant and Maintenance
- Factory Building Repairs and Maintenance
- Factory Supervisory Salaries and Allowances
- All Ancillary Services Staff and other Materials Usage Costs.
  - *Laboratory section*
  - *Boiler room section*
  - *Maintenance section*
- Factory Security Staff Salaries and Allowances.

8.3.14. ***Methods of Absorbing Production Fixed Overheads***

There are several methods of ensuring that each unit produced within a batch during a period absorbs its fair portion of period costs.

It must be noted well, however, that none of these methods can really provide exact results; they are, at best, estimates.

The **PIES** Financial and Cost Manual provides three methods as follows:

- *Wages Percentage Rate*
- *Labour Hour Rate*
- *Machine Hour Rate*

However, considering the circumstances of the factory at the moment, bearing in mind the need for ease of capturing fixed production overhead cost in determining batch cost per unit, a fourth method - Planned Capacity Absorption Rate is recommended. This rate should be predetermined on the basis of annual planned capacity utilization and the annual budgeted fixed production overhead.

Illustration:

Suppose budgeted fixed production overhead for September 1991 = Ush.200,000 and the planned capacity utilization = 44,000 litres, the overhead absorption rate will be computed as follows:-

$$\text{Planned Capacity Absorption Rate} = \frac{\text{Ush.}200{,}000}{44{,}000 \text{ litres}} = \text{Ush. } 4.55/\text{litres}$$

Assuming in September 1991, the actual production results were as follows:-

No. of batches produced	3
Volume of Output	42,000

Breakdown in Batches	1	2	3
Production mix:	**Waragi** (75cl)	**Whisky** (75cl)	**Brandy** (75cl)
In Volume (Litres)	29400	7560	5040
In Cartons	3920	1008	672
Variable Costs/Litre	1750	1800	1850

Corresponding Fixed Cost to be absorbed by each batch produced would appear as follows:

				Ush.
Batch 1	294001 @ 4.55	=	133,770	
Batch 2	7560 @ 4.55	=	34,398 and	
Batch 3	5040 @ 4.55	=	22,939	

Carton Cost per brand will therefore be:

Batch		1	2	3
Variable Cost		51,450,000	13,608,000	9,324,000
Fixed Cost		133,770	34,398	22,939
Total Production Cost		51,583,770	13,642,398	9,346,939
No. of Cartons Produced		3,920	1,008	672
Cost/Carton	(USH)	13,159.13	43,534.13	13,909.14

The absorption rate should however be revised anytime there is a review in the planned capacity utilization and the budgeted fixed production overhead.

EADL's Chief Accountant and the Cost Account have tested this method and have found it to be practicable.

8.3.15. *Product Costing*

Five identified defects of the system of product costing at the time of the IMAS survey were as follows:-

(a) The product cost information was prepared in arrears of production and sales. Consequently, no use was made of the cost information for guiding pricing of the products.

(b) The products were being produced in batches but there was no way the costing section could tell the unit cost of any batch. Consequently, inefficiencies in batch production were not revealed.

(c) There was no linkage between the actual cost of units produced of various brands and the monthly reported cost of production. Whereas the monthly production report exhibited only raw materials usage as cost of finished products, the individual brand costs included labour and overhead costs.

(d) No clear distinction was made between variable product cost and fixed overhead cost. Thus, details about the performance of each product-line in relation to its contribution toward the fixed overheads cost for a period were not easily available. In effect, the provision of regular management information on the break-even point of sales in relation to actual levels of capacity utilization in the course of a year was not possible.

(e) The inclusion of cost of bottles *(about 17% of net selling price)* in the product cost caused a lot of distortions. Since the bottles costs were relatively high and continued to increase at short notice, **EADL** was at a disadvantage as far as this cost element was concerned. Previous attempts to reflect bottles prices increases in the selling prices of bottled products resulted in decreasing demand for **EADL** products. Moreover, the competitors of **EADL** were selling at about USh. 500.00 below the ex-factory prices per carton of **EADL**.

8.3.16. *Batch Costing*

In order to ensure early determination of product cost so as to be relevant for timely management decision-making purposes, a system of batch costing is recommended. Under this system, information on daily batch production will have to be furnished from the Production Department to the Costing Section.

The required information will include the material usage - direct and indirect, labour hours worked and variable overheads. To this end, the following report should be prepared and submitted:-

Appendix 5, *Daily Labour Usage Report; Appendix 9, Batch Report/Stores Receipt Voucher; and Appendix 10, Blending Report*. The required detailed information on these reports are exhibited in their design.

On the basis of the above information, daily batch costs of products can be determined. The obvious advantage of such a system will be to inform Management about the unit cost of batches of various brands produced by the factory.

Besides providing avenues for instant spot cost audit, the system enables batch costs to be compared with a view to revealing possible causes of production inefficiencies. As this will be done on a regular and consistent basis, the incidence of passing on cost of inefficiencies to the ultimate consumers will be significantly mitigated, if not completely eliminated.

For ease of comparison and as an aid for timely management reaction to potential inconsistencies in batch production costs, preparation and submission of a weekly summary of the batch cost is recommended. Appendix 11: *Weekly Summary of Batch Cost* shows the design of the required form.

Towards realizing the goals of the weekly summary, a weekly production report *(Appendix 4)* will also be relevant.

8.3.17. *The Case for Separate Bottles Accounting*

In order to prevent the problem of distortions in the product cost due to fluctuations in the price of bottles over time, it is recommended as follows:-

* *That the cost of bottles be entirely excluded from the product costs and*
* *that the issue of bottles to customers with drinks be accounted for separately.*

The merits of the recommended approach are as follows:-

i) The resultant selling price of the product will be relatively lower than that of EADL's competitors.

ii) The decreased prices will therefore support the penetration strategy under the marketing objectives of EADL during the medium term 1992 to 1996.

iii) The products can reach the consumers at affordable prices across the length and breadth of the country.

iv) The actual bottles cost will be fully recovered from the wholesalers or distributors through a workable deposit arrangement.

v) By maintaining separate control accounts on bottles, issues to customers, adequate track will be kept of movement of bottles stock and therefore potential losses through customer retention will be mitigated.

In order to realise fully the benefits of the proposed approach, the following Accounting Policy on bottles is recommended.

8.3.17.1. *Accounting Policy and Procedure*

1. Customers should be allowed one (1) month within which to return bottles against their deposits.

2. There should be a mark-up on all bottles of 33 1/3% on cost, ie. deposit should be *(cost + 33 1/3)*, subject to review in the ordinary course of business.

3. Refund to customers for returnable bottles should be at a discount of 25% of the issue price.

4. Purchase of second hand bottles should be at a discount of 25% of the cost of the previous issue.

5. Deposits must be collected from customers equivalent to the value of issue.

6. The value of unreturned bottles by deadline date must be taken as retained and apportioned between cost and mark-up. Value of stock returnable by the end of the accounting date must be added to closing stock of bottles *(stock held with outsiders at cost)*.

Illustration:

The following is a summary of transactions during September 1991:-

Opening Stock	:	2000 bottles each costing 500/=
Issues to Customers	:	500 bottles at 500/= + 33 1/3%
Returns From Customers	:	200 bottles
Retained by Customers	:	200 bottles
Returnable by Customers	:	100 bottles.

The following accounts are relevant:

1. Bottles Stock Account *(A/C 1919)*
2. Returnable Bottles Account *(A/C 1922)*
3. Bottles Debtors Account *(A/C 1314)*
4. Bottles Depositors Account *(A/C 2716)*.

Accounting Treatment

Refer to Appendix 12.

Open the above accounts and enter as follows:-

i) On sale (issue) to customers

1. DR - Bottles debtors A/C with cost of bottles + 33 1/3% mark up.

   CR - Returnable bottles A/C with same value as above.

2. DR - Cash } CR - Bottle deposits A/C } with cash deposited.

ii) On return of bottles

3. DR Returnable bottles A/C } CR - Bottle debtors A/C } with quantity valued at issue price less discount of 25%

4. DR - Bottles deposits A/C } CR - Cash } with cash refunded, calculated as above

5. DR - Bottle deposits A/C } CR - Bottle debtors A/C } with the amount by which the returned bottles were discounted.

For retained bottles:

6. DR - Bottle deposits A/C } CR - Bottle debtors A/C } with the value of bottles at issue price retained by the customers after 1 month.

7. DR - Returnable Bottles A/C } CR - Bottle losses Recovery } with the gain resulting on the return of bottles at a discount.

8. DR - Returnable Bottles A/C } CR - Bottles Stock A/C } with the quantity still returnable, valued at cost.

9. DR - Returnable Bottles A/C } CR - Bottles loss Recovery } with the mark-up on the bottles which are expected to be returned (Returnables)

10. Balance off the Accounts.

8.3.18. *The Case for Alternative Product Costing for the Low Income Group*

As one of the penetrating strategies of the Marketing and Sales Department, it has been proposed that during the medium term 1992 - 1996, a new product line would be introduced to consumers which is expected to reach the low income group at the remotest part of Uganda at an affordable price.

The main aim of such product differentiation is to capture the market share by the local enguli, a product which has long been declared illegal for consumption and is yet preferred by the general public because of its lower price.

It is further proposed that the packaging of such a new product should exclude the use of the normal sizes of bottles *(75cl - 15cl)*. Instead, much bigger returnable containers will be introduced. The Consultant is aware of the efforts being made by the Production Manager in the search for appropriate design of the container to be used.

For purposes of costing of this proposed product line, the distinct cost feature is that in addition to the exclusion of bottles all other indirect material costs normally incurred in Bottling and Packaging will be totally excluded.

Accordingly, it is recommended that the cost of the new product should only include the following:-

i) *Fine Spirit Usage*
ii) *Sentrates Usage, and*
iii) *Filter Sheets Usage.*

No attempt should therefore be made to charge any of the following indirect material costs to the envisaged product cost:-

- *Cartons*
- *Seals*
- *Capsules*
- *Cellotapes*
- *Polythene Sachets*
- *Dispenser Boxes and*
- *Labels.*

The relative cost reduction for the envisaged product is expected to be in the region of between 60 - 80% of normal cost.

8.4. Budgeting System

8.4.1. *Description of Existing System*

Budgeting as a management process existed in the Company before the arrival of the Management Audit team. But this however was not formalised along organizational lines. Hence the desired feature of responsibility accounting was not present. No avenues were open for integrated planning at the departmental level. The budgeting activity, not to mention budgetary control, virtually tended to be a one department affair. Consequently, the budget documents produced failed to motivate functional heads to maximise corporate profit through conscious efforts at cost cutting by departments.

8.4.2. *Introduction of a Formalised Approach*

In order to correct the defects in the existing system of budgeting, it is hereby proposed as follows:-

i) *There should be a Budget Committee set up.*

ii) *Membership of the Committee should be all Heads of Department and the General Manager.*

iii) *The chairperson of the Committee should be the General Manager.*

iv) *The Secretary-Co-ordinator of the Committee's activities should be the Chief Accountant*

v) *It shall be the responsibility of the Committee to formulate broad guidelines for the preparation of each annual budget and also to meet and discuss all departmental plans with a view to integration.*

vi) *Deadline dates shall be set for the completion and submission of departmental plans for purposes of annual budgeting.*

vii) *Deadline dates should be set for the Committee to discuss the budget.*

8.4.3. *Budget Formats and Forms*

As a guide to the budgeting development process, budget development questionnaire forms have been designed by the Chief Accountant of **EADL** at the instance of the Consultants. Theses have been provided in Appendix 13: Planned Production Material Requirement; Appendix 14: General Planned Expenditure Requirement Form; Appendix 15: Marketing and Sales Planned Revenue and Expenditure Form.

These questionnaire forms which are by no means exhaustive, should be reviewed and updated periodically by the Chief Accountant.

Additional roles expected of the Chief Accountant under this system would include the following:-

- To distribute the above budget proposal forms to all Heads of Departments.
- To ensure that the budget proposal forms are completed and returned by all Heads of departments including the Accounts Departments on schedule.
- Consolidate Departmental Budget Proposals and arrange budget hearing meetings.
- To submit draft budget to the General Manager and all Heads of Departments.
- To ensure that the budget hearing meeting takes place on schedule.
- To prepare final draft of budget document.
- To submit final draft budget to the General Manager, all Heads of Department and Executive Director of **EADL** on schedule.
- Make necessary adjustments to budget.
- Submit final budget to General Manager, Heads of Departments and Directors.

Appendix 16: *Budgeted Profit and Loss Account* is a recommended format for use. This format is so designed to highlight the responsibility accounting concept. For the rest of projected statements, **PIES** Financial Manual should be referred to for useful guidance.

8.5. Reporting System

8.5.1. *Existing System*

The data base for the analysis, processing and timely submission of relevant management information is not broad enough.

Consequently, limited management information is produced. Apart from the year-end final accounts *(Balance Sheet, Trading, Profit and Loss Account and Statement of Source and Application of Funds),* and quarterly accounts, monthly reports are compiled to show the following:-

i) Summary of Eusiness Operation
ii) Production Activity
iii) Sales Activity
iv) Trading, Profit and Loss Account
v) Cash Flow Statement
vi) Wcrking Capital Status
vii) Main Raw Materials Position and
viii) Status of Plant and Machinery

Appendices 17 and 18 exhibit the form of such reports and the distribution list for February 1991.

In the opinion of the Consultant, the formats for such reports have been poorly designed. There is therefore the need for a review of all existing forms as well as the design of new formats.

8.5.2. *Development of New Formats for Reporting*

In the light of the foregoing, the Chief Accountant of **EADL** has been charged with the responsibility to take the following necessary action by the end of September 1991.

i) Design format of Production Forms, Sales Forms, Personnel Forms and Accounts Forms.

ii) Arrange printing/cyclostyling of forms.

iii) Submit various forms to Heads of user departments for their study and consent on the suitability of forms.

This exercise had been commenced by the end of the Consultant's programme on August 16th, 1991.

Meanwhile, the list of recommended reports considered necessary to form the basis for the analysis, processing and timely submission of relevant management information, has been attached as per Appendix 19.

In support of the strategy to improve the reporting systems of **EADL**, two specific report formats have been recommended for use, in addition to those being designed by the Chief Accountant. These are:-

i) Monthly Production Cost Account : Appendix 20
ii) Monthly Profit and Loss Account : Appendix 21

8.6. Controlling Systems

8.6.1. *Existing System Review*

The Accounts Department of **EADL** had barely commenced the use of a Personal Computer *(PC)* for processing data by the time the Consultant began the Accounting and Finance Programme. Accordingly, not many computer applications had been introduced by the end of the Consultant's assignment.

The type of reports produced by the system as enumerated under paragraph 4.5.1, were defective in many respects.

Examples of defects are as follows:-

a) The Production Activity Report
- *fails to disclose how much it cost the company to produce each month*
- *fails to indicate what happens to the stock of goods produced in the month*
- *fails to disclose the causes of variances between budgeted production and actual production.*

b) The Sales Report
- *fails to disclose the main causes of sales variances, in terms of quarterly and price variations*
- *corporate plan figures have been added but they do not appear to give any meaningful message to the reader.*

c) The Cash Flow Statement
- *fails to distinguish between existing cash and actual cash inflow.*

8.6.2. *Variance Analysis and Other Control Systems*

If **EADL's** Management should be aided in making informed decisions, it is imperative that information on actual results based on previous decisions and follow-up actions should be presented in a form suitable for Managements own analysis and value judgement.

During the medium term 1992 to 1996, **EADL** plans to operate as a market leader in the alcoholic drinks industry. To this end, Management needs to be conscious of the fact that its three local market segments - the low income group, the middle and the high income group, not to mention the export market, operate in highly competitive domestic and international markets that are impacted by local economic factors including exchange rate fluctuations and inflation.

The success of its objectives therefore demands that management adopts strategies that will mitigate the influences of these economic factors by improved quality of its products and prudent pricing actions and also by containing costs through increased manufacturing and distribution efficiencies. The extent to which these and other strategies will continue to be successful will largely depend upon the effectiveness of management analysis of the results of operations, ie. profitability, the financial position and the cash flow.

In order to realise the above objectives, management analysis should be extended to include the following:-

a) Variance Analysis. Appendices 22 to 25 exhibit the recommended design for sales, materials cost, direct labour cost and overhead cost variances respectively.

b) Analysis of the cost of Sales and the Gross Profit according to brand.

c) Break-Even Analysis.

d) Provision of performance indicators such as:-

- *Cost of Sales as a percentage of net sales.*
- *Marketing and Sales as a percentage of net sales.*
- *Administration expenses as a percentage of net sales.*
- *Accounting Departments expenses as a percentage of net sales.*
- *Financial expenses as a percentage of net sales, and*
- *Audit Department's expenses as a percentage of net sales.*

8.7. Financial Planning System

8.7.1. *Review of Existing System*

There is no formalised financial planning system. Consequently, the Company's management is not informed in advance about the near or distant future cash needs of the Company so that prior arrangements may be made.

8.7.2. *Development of a New Financial Planning System*

In order to improve upon the financial planning and working capital management, the Chief Accountant's preparation and submission of the following financial reports on schedule datelines, is recommended for immediate implementation.

	Report	Deadline Dates	Distribution
i)	Weekly Cash Budget Cash Performance Report	10.00 a.m on Mondays	General Manager and Heads of Departments
ii)	Weekly Bank Reconciliation Statements	4.00 p.m on Mondays	General Manager
iii)	Weekly Vote Control Expenditure Reports	10.00 a.m on Mondays Fortnightly	All Heads of Departments
iv)	Monthly Cash Budget showing Previous Month's Cash Performance	4.00 p.m on First Working Day of Cash Budget Month	General Manager and Heads of Departments
v)	Monthly Bank Reconciliation Statement	- do -	General Manager
vi)	Quarterly Cash Budget and Cash Performance Report	4.00 p.m on First Working Day of Cash Budget Quarter	General Manager and Heads of Departments
vii)	Annual Cash Budget and Cash Performance of Previous Year	4.00 p.m. Monday of Last Week of the Month Prior to First Month of Budget Year	General Manager Heads of Departments

Appendices 26 to 30 exhibit the recommended formats of the weekly, monthly, quarterly annual cash budgets and weekly vote expenditure control report.

8.8. Liquidity Control System

8.8.1. *Existing System*

For well over one year, **EADL's** operations have been largely financed by short-term borrowings. As at the time of the Consultants programme, the limit of bank overdraft facility available to the Company was set at 100 million Uganda Shillings.

Yet, a critical look at the Company's Cash Flow trends over the same period and even up to the present, reveals that the Company could have, and still can significantly reduce the extent of its reliance on Commercial Banks for short-term facilities.

The main cause of the apparent precarious financial condition has been lack of an effective liquidity control system. Consequently, unplanned cash flows were unjustifiably committed to the following:-

i) Payment of Excise Duty and Sales Taxes on finished goods
ii) Prepayment on L/Cs
iii) Management Fees, and
iv) Payment of avoidable Bank Overdraft Interest Charges.

i) *Excise Duty and Sales Taxes Payments*

The payment for the above had almost always been ill-timed, and has therefore tended to cost the Company a great deal of money through raising bank overdrafts to settle.

The existing tax legislation requires manufacturers to pay the taxes within 15 to 21 days from the end of the month in which finished goods leave the manufacturer's premises. In practice however, the supply of the dutiable goods do not always generate immediate adequate cash proceeds from which to pay the taxes on schedule. Experience has shown that full proceeds can only be accounted for sometime after the target dates set for such tax payments.

Notwithstanding this, however, **EADL** is on record as having endeavoured to raise huge Bank overdrafts at high interest costs to settle these taxes on due dates in order to avoid payment penalties.

ii) *Prepayment on L/Cs*

The Company has in the past been locking up its own cash in the form of prepayments to Commercial Banks as cover for Letters of Credit. Usually, the lead time between the date of payment of the local shillings to the Bank and the date of the Bank's purchase of the foreign cover is awfully long and tends to place the Company in a financially handicapped position.

Normally in such situations, the Commercial Bank would grant the Company overdraft facilities at a high interest cost.

iii) *Management Fees*

Like the taxes, the Company is on record as having endeavoured to pay UDC Management fees on schedule, sometimes using bank borrowings. This type of transaction, in the opinion of the Consultants, must be critically reviewed since it amounts to the Company paying nimble dividends, a condition frowned upon under Company Law.

iv) *Bank Overdraft Interest Charges*

Interest on overdraft, under banking practice, is negotiable but the Company has in the past been committing cash to this charge without any effort of investigating and scrutinising inter bank charges in order to save cost.

8.8.2. *Development of New System*

In the opinion of the Consultants, the Company under the law acts as the Government's collecting agent for taxes which consumers have to pay on the manufactured goods supplied. The converse is the well-known withholding taxes and P.A.Y.E systems which the Company collects and remits to the Government while paying the net to the beneficiaries.

It therefore goes without saying that in the event of the wholesaler defaulting or unduly delaying to pay the gross sales value, appropriate legal action must be instituted against the defaulter and not the collector.

The Consultants believe that the incurrence of interest charges and penalties can both be avoided by formulating payment arrangements with the tax authorities whereby regular payment of sales taxes and excise duties are made daily on the basis of proceeds collected.

This system, while leaving the Company room to lobby for continuous facility with the Tax Authorities, can tremendously assist financial planning.

In the light of the foregoing, the Consultants wish to recommend as follows:-

a) that **EADL** Management formulate a tax plan which will use a piecemeal payment scheme for sales taxes and excise duties.

b) that Deposit at Notice Account be opened at the Uganda Commercial Bank. The same Board resolution which will authorise the opening of the above account should authorise the Bank to automatically transfer balances to the current Account to forestall avoidable overdraft balances.

c) that arrangement be made with the Bank to keep all amounts earmarked for L/Cs cover in the Deposit Account pending the eventual transfer at or about the time the foreign cover is available. This arrangement seeks to shorten the leadtime for L/C payments and eventual receipts of imported goods.

d) that active use of the following two liquidity ratios be commenced for weekly, monthly, quarterly, and annual reporting.

$$\text{Current Ratio} : \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

(The desired ratio should be 2:1)

$$\text{Acid Test Ratio:} \quad \frac{\text{Cash + Near Cash Assets}}{\text{Current Liabilities}}$$

(The desired ratio should be 1:1)

To obtain maximum value from using these two ratios, trend analysis of these ratios is of essence.

e) that debtors ageing analysis be prepared monthly.

CHAPTER 9.0. SYSTEM IMPLEMENTATION

9.0. SYSTEM IMPLEMENTATION

9.1. Extension of Computerization to Cover Systems

9.1.1. With the completion of the setting up of the **PIES** adapted Chart of Accounts on the **EADL** Personal Computer, it follows that primary data for processing management information can be captured daily.

9.1.2. All the systems recommended in this report are adaptable to computerization.

9.1.3. What remains to be done are the following:-

i) The development of appropriate softwares to cover the recommended systems.

ii) The training of the EADL Accounting Personnel to operate the Personal Computer.

9.1.4. The Consultant is aware of **EADL's** engagement of a Programmer currently working on the payroll. There is obviously the need to extend this application further.

9.1.5. **PIES** also has began Computer Training Programmes for selected **EADL** staff. Between Monday September 2, and Friday September 6, 1991 the first Computer Appreciation Course was organised for **EADL** staff.

9.1.6. In order to fully cover all the developed systems on the computer, further training of the **EADL** staff in more computer applications is recommended, especially the Accounting staff of the Company.

9.2. Trial Runs of Developed Systems

9.2.1. The practicability of each system developed was discussed and tested by the Chief Accountant, the Management Accounting Officer, the Financial Accountant and the Internal Auditor. They found them to be satisfactory.

9.2.2. The unique feature of the developed systems was that the Accounting Department could manually operate them pending the full computerization of all applications.

9.2.3. In this regard, evidence abounds at **EADL** of the smooth application of the principles and procedures involved in the developed systems. Examples include the following:-

- *i) the weekly cash budgets for August - September*
- *ii) the monthly cash budget for September*
- *iii) the product cost report for August 1991*
- *iv) the profit and loss account for August 1991*
- *v) batch costing method*
- *vi) clocking systems*
- *vii) labour cost recovery system*
- *viii) bottles policy and procedures*
- *ix) production reports on the basis of the new cost centres.*

APPENDIX 1

EAST AFRICAN DISTILLERIES LIMITED

EXTRACT OF MINUTES ON COST REDUCTION MEETING
HELD AT THE CHIEF ACCOUNTANT'S OFFICE
ON MONDAY 22/7/91

PRESENT

FROM UNIDO	:	IMAS FINANCE AND ACCOUNTING EXPERT (MR. AYUB D. SOMUAH)
FROM EADL	:	CHIEF ACCOUNTANT (MR. DAVID K. SSERUNJOGI)
		ASSISTANT ACCOUNTANT (COSTING) (MR. GEORGE LUGUMAH)
		FINANCIAL ACCOUNTANT (MR. KASSADA)

IN ATTENDANCE

EADL	:	INTERNAL AUDITOR (CHRISTOPHER)
CONVENER	:	THE UNIDO EXPERT
AGENDA	:	COST CONTROL

This meeting which opened at 4.00 p.m. and closed at 7.00 p.m, was convened soon after the experts tour of the strategic areas of the Production and other Departments.

In his introductory address, the expert stressed the importance of cost control and pointed out that one sure way EADL can make profit is through cost controla t all operational areas of the Company.

The meeting therefore reviewed operational areas of the Company. Members were requested to fully participate at the meeting.

Eleven points were discussed as follows:-

Areas of Cost Control Discussed	**Consultant's Recommendation**
1. <u>Labour Cost Control</u>: Time keeping should be the basis of labour cost control. In this connection, the Personnel Manager should commence supply of information on attendance and absenteeism of all employees. The Chief Accountant was charged with the duty of designing the most appropriate format for the job and time cards.	1.1. Effective clocking system be introduced and a Time Clerk immediately engaged under the Personnel Department to supply daily information to the wages section for the proper calculation of monthly wages and salaries. 1.2. The computer programmes on salaries and wages should be modified to provide departmental summaries. 1.3. Labour Cost should be charged to production cost centres only when labour has been utilised. Otherwise it should be charged to administration and explained. 1.4. Where traditional productive labour cost continue to be administrative, it should be avoided by cost cutting measures eg. laying off of workers when no production is expected for long time. In this connection, the contract terms with the production workers should make provision for lay offs without recourse to law action.

Areas of Cost Control Discussed	Consultant's Recommendation
2. **Import Duty** Delays in lodging entries are expensive in terms of fluctuating exchange rates.	2.1. Full advantage of concessions under the 1991 Finance Bill regarding deferrals of input duty payment should be taken. 2.2. As soon as goods are drawn from the bonded warehouse, the Import Officer should immediately lodge the entry at the prevailing exchange rate. 2.3. Wherever possible, the Company should take advantage of extended credit from the Tax Authorities instead of Bankers.
3. **Sales Taxes and Excise Duty** The use of overdraft facility to settle the above on schedule in order to avoid payment of penalty could be more expensive than the penalty.	3.1. Payment of sales taxes and excise duty on products should be spread out so as not to unduly strain the Company's liquidity position.
4. **Feints** The sale of this by-product must be stepped-up to provide revenue to reduce cost of distillation. There is however the danger of sale back of feints in the form of disguised enguli. Feints has a high alcoholic content and not easy to distinguish from Enguli except in the laboratory.	4.1. The sale price of feints should be set at a level such that will not induce anybody to buy and sell back the by-product mixed with raw enguli. 4.2. The Company should explore the possibility of adding value to feints through further processing into Methylated Spirit.

Areas of Cost Control Discussed		Consultant's Recommendation	
5.	Raw Enguli The price offered by the Company for this input is relatively low. There is an alternative active illegal market for raw enguli which offers a higher price. The current price paid for a litre of Enguli is even higher than of same volume of raw alcohol (90%) from Lugazi Sugar Factory - SCOUL. So long as the illegal market for enguli continues the Company will forever be faced with increasing cost of the input	5.1.	The Company should initiate moves at the Board level to influence the law enforcement agencies and to politicians to enforce the Enguli Act.
		5.2.	The Company should embark upon mass educational programmes to campaign against the ill effects of the public taking raw enguli.
		5.3.	The campaign should involve National Resistance Council (NRC) members and local village Resistance Councilors.
		5.4.	As far as possible, middle men should be eliminated in the purchase of raw enguli.
6.	Maintenance of the Enguli Channel The metal used for the manufacture of this channel had gone rusty. The rust somehow or other finds its way to the Enguli Depot, as raw enguli are poured. It was observed that costs could be saved on fuel used in purifying enguli if rusts and other impurities would be avoided.	6.1.	The channel should be immediately repaired.
		6.2.	Regular maintenance programme be followed for the channel and other strategic areas.

Areas of Cost Control Discussed	**Consultant's Recommendation**
7. Water Cooling System Due to deterioration through use, this system is not effectively cool water. Consequently, heavy volumes of water is being wasted. With the recent increase in commercial rate, this waste cannot be allowed to continue unchecked.	7.1. Replace water cooling system in order to save on water. 7.2. As a temporary measure, ICE-BLOCKS should be used. 7.3. Jubilee Ice Company should be contacted for supplies.
8. Vehicle Running Costs The present breakdown of this expense item departmentally is commendable. But it is important to know as well the cost performance of the vehicles in use.	8.1. Create separate sub-cost centre accounts for each Company vehicle. 8.2. These should be administered to prepare monthly report on costs of running each vehicle. 8.3. These however should be summarized under the departmental vehicle running expenses.
9. Management Fees The rationale behind the institution of this fee (4% of net sales) sounds economic but the concept would seem illegal.	9.1. If anything, the basis should be reviewed to about 2% in view of rising costs of EADL operations.
10. Bottling Line Breakages There are two (2) bottling lines at the factory. One line works faster than the other anais more efficient. Unfortunately, this faster line is so sensitive to power fluctuations that higher rate of bottles breakage is always registered whenever in use. Breakage rate is about 2.3%.	10.1 Company should purchase a power stabilizing equipment as a matter of urgency. 10.2 The Internal Auditor should investigate and report on all breakages. 10.3 The breakages caused by general manufacturing defects should be referred back to the suppliers for replacement.

Areas of Cost Control Discussed

11. Packaging
It was observed that brand new cartons were being used to store empty bottles. Consequently, the actual purpose of using these cartons for finished products cannot be achieved as the corners of these boxes become weak pretty fast.

Consultant's Recommendation

11.1 Discontinue forthwith the use of these cartons for empty bottles.

11.2 Use wooden boxes.

11.3 Wooden boxes should be manufactured by the Company Carpentr from available packing cases.

APPENDIX 2

EAST AFRICAN DISTILLERIES LIMITED

ACCOUNTS CODES

100	Fixed Assets:
1.	Land and Building
2.	Plant and Machinery
3.	Laboratory Equipment
4.	Tools
5.	Motor Vehicles
6.	Furniture, Fittings and Equipment
101	Stock Control Accounts:
1.	Production Material Stock
2.	Finished Goods
3.	Goods in Transit
4.	Work in Progress
5.	
6.	
102	Sundry Stocks:
1.	Cheque Books
2.	Stationery
3.	Drugs
4.	Motor Vehicle Spares
5.	
6.	
103	Clearing Accounts:
1.	Salaries
2.	Wages
104	Staff Loan Accounts:

105	Prepayments:	
1.	Site Rental and Sales	
2.	Vehicle Running Account	
3.	Insurance	
4.	House Rent	
5.	Directors Fees	
6.	Miscellaneous	
7.		
8.	Cheque Forms	
9.	Stationery	
10.	Dispensary	
11.	General	
106	Cash Account:	
1.	Uganda Commercial Bank	
	(a) Barclays Bank D.C.O.	
	(b) UCB Fixed Deposit	
2.	Cash Imprest: Office	
3.	Cash Imprest: Postage Stamp	
4.	Empty Bottles Imprest	
5.	Enguli Imprest	
107	Debtors:	
1.	Trade Debtors	
2.	E.A. Customs, Deposit Account	
4.	Deposits	
12.	Returned Cheques	
108	Suspense Account:	
109	Share Capital:	
1.	Shares	
2.	Dividend Account	
3.	Share Premium	
110	Accounts Payable:	
1.	Social Security Fund	
2.	P.A.Y.E.	
3.	Retirement Scheme	
4.	Graduated Tax	
5.	Sales Tax	
6.	Excise Duty	
7.	Union Dues	
8.	P.S.I.C.	
9.		
10.		

<u>111</u> <u>Provision:</u>

1. Bad and Doubtful Debts
2. Slow Moving Stock
3. Taxation
4. Dividend
5. Capital Reserve
6. Revenue Reserve

<u>112</u> <u>Profit and Loss Account:</u>

<u>113</u> <u>Interest Receivable:</u>

<u>114</u> <u>Sale of Sundry Items:</u>

1. Feint Spirit
2. Old Beer Bottles and Drums
3. Gunny Bags
4. Brandy Bottles
5. Fine Spirit
6. Glue

<u>150</u> <u>Creditors:</u>

1. Trade Creditors
   (b) Unpresented Cheques
2. Uganda Development Corporation
3. Uganda Consolidated Properties
4. U.D.C. Subsidiaries
5. Development Finance Company
6. D.G.M. - Switzerland - Shareholder
7. Deposit on Bottles
8. Enguli Creditors (a) SCOUL (b) OTHERS
9. Deposit - Breweries Limited
11. R.B.C.

<u>151</u> <u>Accrued Charges:</u>

1. Plant Maintenance
2. Electricity
3. Water Charges
4. Advertising
5. Leave Pay and Passages
6. Telephone and Cables
7. Legal
8. Audit Fees
9. Technical Services
10. Miscellaneous

152	Depreciation:
1.	Land and Building
2.	Plant and Machinery
3.	Laboratory Equipment
4.	Tools
5.	Furniture and Fittings
6.	Motor Vehicles
153	Sales of Fixed Assets
301	Variable Production:
1.	Wages
2.	Plant Maintenance
3.	Transport and Clearing
4.	Sundries
5.	Packing Material
6.	Fuel and Oil
302	Fixed Production:
1.	Salaries
2.	Wages
3.	(a) Company Security
	(b) Outside Security
4.	Repairs to Buildings - Factory
5.	Electricity
6.	Water
7.	Insurance
8.	Laundry
9.	Uniforms
10.	Rates
11.	Laboratory Supplies
12.	Travelling and Subsistence
13.	Vehicle Running
14.	Medical
15.	Sundries
16.	Analysis and Testing
17.	Industrial licences
18.	Import Expenses

303 **Sales Expenses:**

1. Publicity
2. Breakages
3. Insurance
4. Travelling
5. Sales Agent Commission
6. Stock Adjustment
7. Sales: Gross
8. Sales: Cost
9. Stock Losses

304 **Administration Expenses:**

1. Salaries
2. Wages
3. Staff Pension
4. Social Security Fund
5. Travelling (Overseas)
6. Insurance
7. Staff Houses and Security
8. Donations
9. Repairs - Office Equipment
10. Vehicle Running
11. Travelling Local and Subsistence
12. Postage
13. Telephone
14. Printing and Stationery
15. Audit Fees
16. Subscription
17. Advertising
18. Office Supplies
19. Medical
20. Legal
21. Management Fees
22. Directors Fees
23. Secretarial Fees
24. Tuition Fees
25. Repair Building (Office)
26. Entertainment
27. Directors Expenses
28. Identity Cards
29. Tax Penalties
30. Industrial Welfare
31. Sundry
32. Publicity

305 **Finance:**

1. Bank Charges
2. Interest on Overdrafts
3. Interest on Loan
4. Conversion Tax

APPENDIX 3

EAST AFRICAN DISTILLERIES LIMITED

CHART OF ACCOUNTS

GRP	GEN.	SUB.	
11			**FIXED ASSETS**
		1111	Land and Building
		1131	Plant and Machinery
		1132	Workshop Machinery
	114		**Motor Vehicle**
		1141	Intra Factory Transport
		1142	Cars
		1143	Vans and Pick-ups
		1144	Buses
		1145	Lorries and Trucks
		1146	Others
		1151	Tools
		1152	Laboratory Equipment
	116		**Furniture, Fittings and Fixtures**
		1161	Factory and Workshop Furniture
		1162	Office Furniture
		1163	Domestic Furniture
		1164	Other Furniture
		1165	Factory and Workshop Furniture
		1166	Office Fixtures
		1167	Domestic Fixtures
		1168	Other Fixtures
	117		**Office Equipment**
		1171	Typewriters
		1172	Cyclostyling Equipment
		1173	Photocopiers
		1174	Telephone, Telex, Fax
		1175	Computer Peripherals
		1176	Calculating Machines
		1177	Clocks
		1178	Water Coolers
		1179	Others

GRP	GEN.	SUB.	
13			**DEBTORS**
		1311	Trade Debtors
		1312	L/Cs Receivable
		1313	Staff Debtors
		1314	Bottle Debtors A/C
		1315	Ugadev Bank
		1316	Returned Cheques
	132		**CLEARING ACCOUNTS**
		1321	Salaries
		1322	Wages
	133		**STAFF LOAN ACCOUNTS**
	1411		**PREPAYMENTS**
		1411	Site, Rental and Rates
		1421	Vehicle Running
		1431	Insurance
		1441	House Rent
		1451	Directors Fees
		1461	Miscellaneous
15	153		**CASH AND BANK ACCOUNTS**
		1531(a)	Uganda Commercial Bank
		1531(b)	Barclays Bank (U) Ltd.
		1531(c)	U.C.B. Fixed Deposit
		1531(d)	U.C.B. LUZIRA
		1532	Ugadev Bank Ltd. Fixed Deposit 1
		1533	Retention A/C
	152		
		1521	Cash Imprest: Office
		1522	Cash Imprest: Postage Stamps
		1523	Empty Bottles Imprest
		1524	Enguli Imprest

GRP	GEN.	SUB.	
	19		**STOCK CONTROL ACCOUNTS**
		1911	Raw Mat. Stock (Enguli and Raw Spirit)
		1912	Auxiliary Materials
		1913	Fuel
		1914	Oils and Grease
		1915	Spare Parts & Maintenance Materials
		1916	Feints
		1917	Packing Materials
		1918	Sundry Supplies
		1919	Bottles Stock A/C
		1921	Semi Finished Goods
		1931	Finished Goods
		1932	Semi Finished Goods
	194		
		1941	Diluted Spirit Stock
		1942	Semi Distilled Spirit Stock
		1943	Fine Spirit Stock
		1944	Blended Spirit Stock
		1945	Cheque Books
		1946	Stationery
		1947	Drugs
	201		**SUSPENSE ACCOUNT**
21			**SHARE CAPITAL**
		211	Shares
		212	Dividend Account
		213	Share Premium
		214	Capital Reserves on Revaluation
		215	Revenue Reserve
24			**SUNDRY PROVISIONS**
		2411	Bad and Doubtful Debts
		2412	Slow Moving Stock
		2413	Taxation
		2414	Dividend
		2415	Capital Reserve

GRP	GEN.	SUB.	
	273		**ACCOUNTS PAYABLE**
		2731	P.A.Y.E
		2732	Social Security Fund
		2733	Accrued Wages and Salaries
		2734	Union
		2735	Retirement Benefit Scheme
		2736	Graduated Poll Tax
		2737	Leave Pay and Passages
27			**CREDITORS**
		2711(a)	Trade Creditors
		2711(b)	Unpresented Cheques
		2712	U.D.C. Limited
		2713	U.C.P. Limited
		2714	D.F.C.U.
		2715	D.G.M.
		2716	Bottles Depositors' Account
		2717	Enguli
		2718	SCOUL
		2719	R.B.S.
	275		**ACCRUED CHARGES**
		2751	Plant Maintenance
		2752	Electricity
		2753	Water Charges
		2754	Telephone Cables
		2755	Audit Fees
		2756	Miscellaneous
29			PROFIT AND LOSS ACCOUNT
		2930	Profit Before Taxation
		2931	**INTEREST RECEIVABLE**
		341	Land and Building
		342	Plant and Machinery
		343	Motor Vehicles
		344	Laboratory Equipment
		345	Tools
		346	Furniture and Fittings
		346	Office Equipment

GRP	GEN.	SUB.	
42			**SALES OF SUNDRY ITEMS**
		421	Feint Spirit
		422	Bandy Bottles
		423	Fine Spirit
		424	Miscellaneous
5			**VARIABLE PRODUCTION**
			(1) Enguli and Raw Spirit Usage
		5311	Enguli Purchase
		5312	Raw Spirit Purchase
		5313	E.S.P. Labour
			(2) Dilution
		5314	Dilution Water Usage
			(3) Distillation
		5315	Distillation Labour
		5316	Boiler Water Steamed Account
		5317	Boiler Fuel Usage Account
			(4) Blending
		5319-01	Fine Spirit Usage (U. Waragi) A/C
		5320-01	Fine Spirit Usage (M.R. Whisky) A/C
		5321-01	Fine Spirit Usage (Q.E. Dry Gin) A/C
		5322-01	Fine Spirit Usage (R.M. Brandy) A/C
		5319-02	Sentrates Usage (U. Waragi) A/C
		5320-02	Sentrates Usage (M.R. Whisky) A/C
		5321-02	Sentrates Usage (Q.E. Dry Gin) A/C
		5322-02	Sentrates Usage (R.M. Brandy) A/C
		5319-03	Filter Sheets Usage (U. Waragi) A/C
		5320-03	Filter Sheets Usage (M.R. Whisky) A/C
		5321-03	Filter Sheets Usage (Q.E. Dry Gin) A/C
		5322-03	Filter Sheets Usage (R.M. Brandy) A/C
			(5) Bottling and Packaging
		5319-04	Cartons (U. Waragi)
		5319-05	Seals
		5319-06	Capsules
		5319-09	Dispenser Boxes
		5319-010	Labels

GRP	GEN.	SUB.	
		5320-04	Cartons (M.R. Whisky)
		5320-05	Seals
		5320-06	Capsules
		5320-07	Cellotapes
		5320-08	Polythene Sachets
		5320-09	Dispenser Boxes
		5320-10	Labels
		5321-04	Cartons (R.N. Brandy)
		5321-05	Seals
		5321-06	Capsules
		5321-07	Cellotapes
		5321-08	Polythene Sachets
		5321-09	Dispenser Boxes
		5321-10	Labels
		5322-04	Cartons (Q.E. Gin)
		5322-05	Seals
		5322-06	Capsules
		5322-07	Cellotapes
		5322-08	Polythene Sachets
		5322-09	Dispenser Boxes
		5322-10	Labels
6			**302 FIXED PRODUCTION**
		6322	Salaries
		6324	Wages
		6325	Overtime
		6326	Bonus and Awards
		6326	**WELFARE AND MEDICAL**
		6326-1	Entertainment
		6326-2	Medical
		6326-3	Protective Clothing
		6326-4	House Rent
		6326-5	Vehicle Running
		6326-6	Leave Pay and Passages
		6326-7	Travelling and Subsistence
		6326-8	Rations

GRP	GEN.	SUB.	
		6327	**Allowances**
		6327-1	Housing Allowance
		6327-2	Acting Allowance
		6327-3	Food Allowances
		6327-4	Transport Allowance
		6327-5	Entertainment Allowance
		6329	**Maintenance**
		6329-1	Plant Maintenance
		6330	**Security**
		6330-1	Company Security
		6330-2	Outside Security
		6331	Intra Factory Transport
		6332	Rent and Rates
		6340	**Depreciation Charge**
		6341	Building
		6342	Plant and Machinery
		6343	Tools
		6344	Motor Vehicles
		6345	Furniture and Fixtures
		6346	Office Equipment
		6351	Printing
		6352	Stationery and Supplies
		6353	Industrial Licences
		6354	Insurance
		6371	**Vehicle Running**
		6371-1	Fuel
		6371-2	Oil and Grease
		6371-3	Other
			ADMINISTRATION EXPENSES
		7322	Wages
		7323	Salaries
		7324	Staff Pension
		7325	N.S.S.F.
		7326	Travelling (Overseas)
		7327	Insurance
		7328	Staff Houses and Security
		7329	Maintenance

GRP	GEN.	SUB.	
		7329-1	Plant
		7329-2	Factory Building
		7330	**Security**
		7330-1	Company Security
		7330-2	Outside Security
		7331	**Intra Factory Transport**
		7332	Rent and Rates
		7381	Audit Fees
		7382	Legal
		7384	Subscription and Donations
		7385	Uniforms
		7386	Rates
		7387	
		7389	Vehicle Running:
		7389-1	UXN 902
		7389-2	UPE 932
		7389-3	UXU 824
		7389-4	UPL 379
		7389-5	UXB 485
		7389-6	UPH 802
		7389-7	UPA 414
		7390	Analysis and Testing
		7391	Industrial Licences
		7392	Imports Expenses
		7393	Depreciation
		7394	Repairs Office Equipment
		7395	Postage
		7395	Telephone
		7396	Printing and Stationery
		7397	Advertising
		7398	Office Supplies
		7399	Management Fees
		7400	Directors Fees
		7401	Secretarial Fees
		7402	Maintenance of Office Building
		7405	Entertainment
		7406	Directors Expenses
		7407	Identity Cards
		7408	Industrial Welfare
		7409	Publicity

GRP	GEN.	SUB.	
8			**SALES EXPENSES**
			WELFARE AND MEDICAL
		8326-1	Entertainment
		8326-2	Medical
		8326-3	Protective Clothing
		8326-4	House Rent
		8326-5	Vehicle Running
		8326-6	Leave Pay and Passages
		8326-7	Travelling and Subsistence
		8326-8	Rations
		8326-9	Other Welfare
			Advertising and Publicity
		8391	Advertising - Newspaper
		8392	- Periodicals
		8393	- Radio and T.V
		8394	- Others
		8395	Brochures and Publicity
		8396	Samples
		8397	Fair
		8398	Commissions and Discounts
		8399	Entertainment
		8400	Breakages
		8401	Insurance
		8402	Travelling and Subsistence
		8403	Stock Adjustment
		8405	Gross Sales
9			**FINANCIAL EXPENSES**
		9301	Interest on Overdrafts
		9302	Interest on Short Term Loan
		9303	Interest on Long Term Loan
		9304	Other Interest
		9305	Bank Charges
		9306	Bad Debts

WRITE OFFS AND PROVISIONS

9307-1	Stock Losses W/O
9307-2	Other W/Offs
9307-3	Provision for bad debts
9307-4	Provision for Stock Losses
9307-5	Provision for Others
9307-6	Provision for Sales Tax
9307-7	Provision for Duties
9307-8	Provision for Corporation Tax

APPENDIX 4

EAST AFRICAN DISTILLERIES LIMITED

WEEKLY PRODUCTION REPORT

WEEKLY PRODUCTION REPORT **Week Ending** ________

1. Enguli and Raw Spirit	Qty.	Strength	As 100%	
Opening Stock EST (1) Opening Stock EST (1) Opening Stock EET Add Enguli Purchases Add Spirit from SCOUL Subtract Distilled Closing Stock EST (1) Closing Stock EST (2)				

Comment:

2. Dilution Volume of Water Consumed:	3. Distillation Diesel Fuel Opening Stock Received Used Closing Stock
4. Distillation Result Fine Spirit Opening Stock Received Used Closing Stock	

5. Blended Spirit	O/Stock	Blended	Bottled	C/Stock
Uganda Waragi M.R. Whisky Q.E. Dry Gin R.M. Brandy				

APPENDIX 4 CONTD..

6. Filtration
Qty of Filter Sheets Consumed: ____________
Volume of Alcohol Filtered : ____________

7. Bottling and Packaging	Ctns	Bottles	Remarks
Bottled Uganda Waragi 75cl Uganda Waragi 30cl Uganda Waragi 15cl Totapak M.R. Whisky 75cl Comments:			

Sentrates	O/Stock	Rec'd	Used	C/Stock
Uganda Waragi G/S M.R. Whisky (Malt) M.R. Whisky (Grain) Q.E. Dry Gin Glycerine				

8. General Comments

Production

Authorised Signatory

Spares

Date: ____________

APPENDIX 5

EAST AFRICAN DISTILLERIES LIMITED
DAILY LABOUR USAGE REPORT

NO: DLU0001

COST CENTRE: ____________ ACTIVITY REF. ________ DATE: ______

	NAME	GRADE	HOURS WORKED	IDLE TIME	HOURLY RATE	LABOUR COST	REMARKS
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
TOTAL							

SUPERVISOR'S SIGN. ____________ PRODUCTION MANAGER: ____________

APPENDIX 6

EAST AFRICAN DISTILLERIES LIMITED

INPUT MATERIAL: **ENGULI** **PRICING METHOD:** **FIFO**

	RECEIPTS			ISSUES			BALANCE		
	QTY	RATE	PRICE	QTY	RATE	PRICE	QTY	RATE	PRICE
1/8	4956	443	2,196,738	-	-	-	4956	443	2,196,738
7/8	500	550	275,000	-	-	-	5456	453	2,471,738
7/8	-		-	4596	433	2,196,738			
7/8	-	-	-	44	500	24,200	456	550	250,800
10/8	2000	525	1,050,000	-	-	-	2456	530	1,300,800
11/8				456	550	250,800			
				2	525	1,050	1998	525	1,048,950

APPENDIX 7

EAST AFRICAN DISTILLERIES LIMITED

MATERIAL INPUT: **ENGULI** **PRICING METHOD:** **AVERAG**

	RECEIPTS			ISSUES			BALANCE		
	QTY	RATE	VALUE	QTY	RATE	VALUE	QTY	RATE	VALUE
1/8	4956	443	2,196,738	-	-	-	4956	443	2,196,7
7/8	500	550	275,000	-	-	-	5456	453	2,471,7
7/8				5000	453	2,265,000	456	453	206,5

APPENDIX 8

EAST AFRICAN DISTILLERIES LIMITED

MATERIAL INPUT: ENGULI **PRICING METHOD: LIFO**

	RECEIPTS			ISSUES			BALANCE		
	QTY	RATE	VALUE	QTY	RATE	VALUE	QTY	RATE	VALUE
1/8	4956	443	2,196,738	-	-	-	4956	443	2,196,738
7/8	500	550	275,000	-	-	-	5456	550	3,000,800
7/8	-	-	-	5000	550	2,750,000	456	550	250,800

APPENDIX 9

EAST AFRICAN DISTILLERIES LIMITED

BATCH REPORT/STORES RECEIPT VOUCHER

Date: ____________

BRAND SIZES	**75cl**	**30cl**	**15cl**	**TOTAPAK**
Vol. Produce (Lts)				
No. of Botts Used				
Cartons				
Seals				
Capsules				
Satchets				
Labels				
Disp. Boxes				
Fil/Shts				
Cellotape				
Others (Specify)				

Bottling Supervisor: ______________________

Date: ________________

Production Manager : ______________________

APPENDIX 10

EAST AFRICAN DISTILLERIES LIMITED
BLENDING REPORT

Blend No. 36/91
Blending Tank No. BV_1 No. 727
Produce: Uganda Waragi ^'S

	DATE	4.7.90	LITRES	%/VOL.	LITRES	%/VOL.
1		Ethyl alcohol			2923	96
2		Concentrate			149.1	56
3		1 + 2			3072.1	-
4		Demineralized water added			4165.8	XXXXX
5		3 + 4			7237.9	40
6		5 calculated at % Vol.				
7		Glycerol to be added				XXXXX
8		Colouring to be added (estimated)				XXXXX
9						
10		Demineralized water to be added				XXXXX
11		Demineralized water added				XXXXX
12		Total, less 7, 8 and 9				
13		Glycerol added				XXXXX
14		Colouring added				XXXXX
15						
16		Finished product			7237.9	40

BOTTLING				
DATE	SIZE	CARTONS	LITRES	REMARKS
9.7.91	1 x 12	288 10/12	2599.5	@ 75 cl
10.7.91	1 x 12	467 1/12	4203.75	"
11.7.91	1 x 12	51 3/12	461.25	"
		TOTAL	7264.5	
Gained during bottling			26.6	= 0.4% of finished product

APPENDIX II

EAST AFRICAN DISTILLERIES LIMITED
WEEKLY SUMMARY OF BATCH COST

WEEK ENDING

No. Of Batches Produced: ____ **Value of Blended Spirit Consumed:**

Volume of Blended Spirit Consumed:

BATCH NO:	1											
Allocation Per Batch:												
	Variable Costs		Fixed Costs	TOTAL	Variable Costs		Fixed Costs	TOTAL	Variable Costs		Fixed Costs	TOTAL
	B/Spirit	Others			B/Spirit	Others			B/Spirit	Others		
Values:												
Uganda Waragi												
75cl												
30cl												
15cl												
T/Pak												
R.M. Brandy:												
75cl												
30cl												
15cl												
T/Pak												
Mark R. Whisky:												
75cl												
30cl												
T/Pak												
G.E. Dry Gin:												
75cl												
30cl												
15cl												
T/Pak												

APPENDIX II CONTD..

BATCH NO:	4				5				COST ANALYSIS			
Allocation Per Batch:												
	Variable Costs		Fixed Costs	TOTAL	Variable Costs		Fixed Costs	TOTAL	Variable Costs		Fixed Costs	TOTAL
	B/Spirit	Others			B/Spirit	Others			B/Spirit	Others		
Values:												
Uganda Waragi												
75cl												
30cl												
15cl												
T/Pak												
R.M. Brandy:												
75cl												
30cl												
15cl												
T/Pak												
Mark R. Whisky:												
75cl												
30cl												
T/Pak												
G.E. Dry Gin:												
75cl												
30cl												
15cl												
T/Pak												
TOTAL THIS WEEK												
CUM. PREVIOUS WEEK												
CUM. CURRENT WEEK												

AUTHORISED SIGNATORY: ______________

DATE: ______________

APPENDIX 12

EAST AFRICAN DISTILLERIES LIMITED
BOTTLE STOCK ACCOUNT

	Qty	Rate	Value			Qty	Rate	Value
9.91 bal. b/f	2000	500	1,000,000	30.9.91	Returnable			
				.91	Bottles A/C	200	500	100,000
					Balance c/d			
				30.9.91	Stock in Warehouse	1700	500	850,000
					Stock with Customers	100	500	50,000
	2000	500	1.000.000			2000	500	1,000,000
9.91 b/d								
Stock in W/house	1700	500	850,000					
Stock with Customers	100	500	50,000					

RETURNABLE BOTTLES A/C

	Qty	Rate	Value	(1)		Qty	Rate	Value
9.91 Bottle Debtors	200	500.25	100,050	30.9.91	Bottle Debtors	500	667	333,500
Bottle Losses Recovery			33,350					
9.91 Bottles Stock A/C	200	500	100,000					
Bottles Loss Recovery A/C			33,400					
9.91 Balance c/d	100	667	66,700					
	500		333,500			500	667	333,500
					Balance b/d			66,700

APPENDIX 12 CONTD..

BOTTLE DEBTORS A/C

Date	Particulars	Qty	Rate	Value	Date	Particulars	Qty	Rate	Value
9.91	Returnable Bottles	500	667	333.500	30.9.91	Returnable Bottles	200	500 25	100.050
					(5)	Bottle Deposits			33.750
					(6)	Bottle Deposits	200	667	133.400
						Balance c/d	100	667	66.700
		500	667	333.500			500		333.500
	Balance b/d			66.700					

BOTTLE DEPOSITS A/C

Date	Particulars	Qty	Rate	Value	(1)	Particulars	Qty	Rate	Value
9.91	Cash	200	500.25	100.050	30.9.91	Cash	500	667	333,500
"	Bottle Debtors			33.350					
"	Bottle Debtors	200	667	133.400					
9.91	Balance c/d	100	667	66,700					
		500	667	333,500			500	667	333,500
						Balance b/d	100	667	66.700

APPENDIX 12 CONTD..

CASH

(2)		Shs	(4)		Shs
30.9.91	Bottle Deposits	333,500	30.9.91	Bottle Deposits	100,000

BOTTLE LOSSES RECOVERY

	Shs			Shs
		30.9.91	Returnable	
		(7)	Bottles A/C	33,350
		(9)	Bottles A/C	33,400
	66,750			
Balance c/d				66,750
	66,750			
			Balance b/d	66,750

APPENDIX 13

EAST AFRICAN DISTILLERIES LIMITED
PLANNED PRODUCTION MATERIAL REQUIREMENT
FOR THE YEAR ......

MATERIALS	UNIT MES.	QTY	UNIT COST	AMOUNT U. SHS
1. SENTRATES	LTS			
U. Waragi	"			
M.R. Whisky	"			
M.R. Whisky Grain	"			
R.M. Brandy	"			
Q.E. Gin	"			
Glycerine	"			
Caramel	"			
2. BOTTLES	NOS			
75cl	"			
75cl Gin	"			
30cl	"			
15cl	"			
3. SATCHETS	ROLLS			
U. Waragi	"			
M.R. Whisky	"			
R.M. Brandy	"			
4. LABELS	PIECES			
U. Waragi 75cl	"			
U. Waragi 30cl	"			
U. Waragi 15cl	"			
M.R. Whisky 75cl	"			
M.R. Whisky 30cl	"			
R.M. Brandy 75cl	"			
R.M. Brandy 30cl	"			
R.M. Brandy 15cl	"			
Gin 75cl	"			
Gin 30cl	"			

APPENDIX 13 CONTD..

MATERIALS

	UNIT MES.	QTY	UNIT COST	AMOUNT U. SHS
5. SEALS	PIECES			
30 x 35mm	"			
28 x 18mm	"			
31.5 x 18mm	"			
31.5 x 18	"			
6. H.S. CAPSULES	PIECES			
32 x 60mm	"			
32 x 30mm	"			
7. FILTER SHEETS	SHEETS			
k500 40 x 40	"			
8. RAW SPIRIT	LTS			
9. DIESEL	LTS			
10. WATER	M/3			
11. ELECTRICITY	KWL			
12. CARTON BOXES	PIECES			
U. Waragi 75cl	"			
U. Waragi 30cl	"			
U. Waragi 15cl	"			
Totapak	"			
M.R. Whisky 75cl	"			
M.R. Whisky 30cl	"			
Totapak	"			
R.M. Brandy 75cl	"			
R.M. Brandy 30cl	"			
R.M. Brandy 15cl	"			
Totapak	"			
Gin 75cl	"			
Gin 30cl	"			

APPENDIX 13 CONTD..

MATERIALS	UNIT MES.	QTY	UNIT COST	AMOUNT U. SHS
13. DISPENSER BOXES	PIECES			
U. Waragi 1 x 20	"			
M.R. Whisky	"			
R.M. Brandy	"			
14. GUMMED STRIPS	ROLLS			
Plastic	CTN			
15. GLUE	KGS			
GRAND TOTAL				

APPENDIX 14

EAST AFRICAN DISTILLERIES LIMITED

BUDGET PROPOSAL FORMS

TO BE FILLED BY ALL DEPARTMENTS

1.0. <u>SALARY</u> 1.1.	Staff	Grade	Basis	Housing	Other Benefits	Gross Pay

1.2. Any special payment for the staff mentioned above.

2.0. <u>Vehicle Running Expenses</u>

2.1. Model of Vehicle Engine Capacity (to be discussed with the Transport Officer before submission).

2.2. Mileage to be covered during the year month by month

2.3. Fuel - Monthly

2.4. Oil - Monthly

2.5. Tyres - Monthly

2.6. Services - Monthly

2.7. Preventive Maintenance

2.8. Any major repairs/overhaul

APPENDIX II CONTD.

3.0. STATIONERY

3.1. ITEM	QUANTITY	COST
Adding Machine Rolls 2¼		
Box Files		
Carton Papers Typing F/S		
Carton Papers Typing (Double F/S)		
Carbon Paper Handicopy (Blue)		
Cellotape Rolls 1"		
Correcting Fluid		
Duplicating Papers F/S		
Duplicating Ink		
Endorsing Ink		
Eraser Stick		
File Folders		
Foot Rulers		
Ink Pad		
Ledger Binders		
Office Pins		
Pencil H.B.		
Pencil Rubbers		
Ruled Paper Single F/S		
Ruled Paper Double F/S		
Shorthand Note Books		
Stencils S/S Pelican		
Stapling Machines		
Staple Wires		
Spring Files		
Typewriter Ribbon (Manual)		
Typing Papers F/S		
Typing Paper Double F/S		
White out		
Punching Machines		
Counter Books		
Rubber Bank 1K pkt		
Stapple Remover		
Paper Clips		
Petty Cash Voucher Books		
Printed Stationery (list below)		

APPENDIX 11 CONTD..

4.0. TRAVELLING AND SUBSISTENCE

List each and every travelling indicating the following:

1. When the travel is likely to take place
2. Purpose of travel
3. Period
4. Staff (indicate grade)
5. Any special requirements

APPENDIX 11 CONTD.

SALES PLAN

PERIOD

1992

YEAR	75cl	30cl	15cl	T/P	75cl	30cl	T/P	75cl	30cl	15cl	T/P	75cl	30
JAN													
FEB													
MAR													
APRIL													
MAY													
JUNE													
JULY													
AUG													
SEPT													
OCT													
NOV													
DEC													
ITS TOTALS													

APPENDIX 15

EAST AFRICAN DISTILLERIES LIMITED
BUDGET PROPOSAL FORM

SALES AND MARKETING PLANNED REVENUE AND EXPENDITURE

1.1. Publicity and Advertisement

Media	Cost	Expected Audience

1.2. Breakage EST % on Sales Volume delivered

1.3. Insurance

Types	Value

1.4. Sales Commission

Indicate target sales volume beyond which commission is based and rate payable

2.0. Disclose your planned sales per month to correspond with planned capacity utilization.

APPENDIX 16

EAST AFRICAN DISTILLERIES LIMITED
BUDGETED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDING ..... (IN U.SHS '000 + 1DEC)

Signed By: C/A G/M

	ACTUAL CUMMULATIVE 30TH SEPT. ...	ESTIMATED 3 MONTHS TO 31ST DEC. ...	BUDGET
BUDGETED NET SALES			
LESS: COST OF SALES			
BUDGETED GROSS PROFIT			
DEDUCT: SELLING, GENERAL AND ADMINISTRATION EXPS.			
A/C CODES			
1. MARKETING & SALES			
Publicity and Adverts			
Travelling and Subsist.			
Vehicle Running			
Breakage			
Insurance			
Salary			
Stationery			
SUB TOTAL	0	0	0
2. ACCOUNTING AND FINANCE			
Salary			
Travelling and Subsist.			
Vehicle Running			
Stationery			
Bank Charges			
Interest on O/D			
Interest on Loan			
SUB TOTAL			

APPENDIX 16 CONTD.

	ACTUAL CUMMULATIVE 30TH SEPT. ...	ESTIMATED 3 MONTHS TO 31ST DEC. ...	BUDGET
3. ADMINISTRATION			
Vehicle Running			
Salary			
Staff Pension			
Maint. of Office Eqpt.			
Travelling Overseas			
Travelling Inland			
Insurance			
Tel. Telex and Postage			
Stationery			
Subsptn. Rates and Lic.			
Audit Fees			
Adverts and Publicity			
Office Supplies			
Legal and Prof. Fees			
Mgt. and Tech. Fees			
Technical Fee			
Secretarial Fees			
Maint. of Office Builg.			
Entertainment			
Depreciation			
SUB TOTAL	0	0	0
4. PERSONNEL			
Salary			
Stationery			
Travelling and Subs.			
Vehicle Running			
Sick Bay and Drugs			
Uniform			
Canteen and Ind. Welfare			
Training and Tuition			
	0	0	0

APPENDIX 16 CONTD.

	ACTUAL CUMMULATIVE 30TH SEPT. ...	ESTIMATED 3 MONTHS TO 31ST DEC. ...	BUDGET
5. AUDIT			
Salary			
Travelling and Subs.			
Vehicle Running			
Stationery			
	0	0	0
GRAND TOTAL EXPENSES	0	0	0
BUDGETED NET PROFIT/LOSS BEFORE TAX	0	0	0
TAXATION			
BUDGETED NET PROFIT/LOSS AFTER TAX			

APPENDIX 16 CONTD..

NET SALES AND COST OF SALES ANALYSIS

	ACTUAL THIS MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH
NET SALES			
Local - Seg. 1			
- Seg. 2			
Export			
TOTAL			
LESS:			
Cost of Sales:			
Local - Seg. 1			
- Seg. 2			
Export			
GROSS PROFIT			

APPENDIX 17

EAST AFRICAN DISTILLERIES LIMITED
MONTHLY REPORT FOR FEBRUARY, 1991

1. SUMMARY OF BUSINESS OPERATIONS:

   The Production Utilization Capacity was 13.9%

2. PRODUCTION

	CURRENT MONTH				CUMMULATIVE				CAPACITY		COST OF PRODUCTION	
PRODUCT	ACTUAL	BUDGET	VARIANCE	CORPORATE PLAN	ACTUAL	BUDGET	VARIANCE	CORPORATE PLAN	RATED	UTILIZATION	UNIT COST	TOTAL
	Ltg.	Ltg.	Ltg.	Ltg.	Ltg.	Ltg.	Ltg.	Ltg.				
Uganda Waragi	16550.25	46936	30385.75	92340	36097	93872	57784.4	194680				
V.P. Whisky	930	5208	4278	13500	930	10418	9486	27000				
P.M. Brandy	-	4511	4511	13500	2071.1	9022	9950.9	27000				
G.E. Dry Gin	2912.14	1026	1886.14	13500	2912.14	2052	856.14	-				
TOTAL	20392.39	57681	41060.99	132840	420900.24	115362	75077.44	238680	146.666	13.9%		

Remarks: 20392 litres of various products were produced. This was just about a third of what had been budgeted. The problem is still due to low spirit deliveries from SCOUL. The situation is likely to improve in March, if SCOUL solves its power problem.

3. SALES REPORT FOR THE MONTH OF FEBRUARY, 1991:

Value and Quantity of Sales

PRODUCTS	CURRENT MONTH ACTUAL Qty. Ltrs.	U.Shs.	BUDGETED Qty. Ltrs.	Value U.Shs.	CORPORATE PLAN Qty. Ltrs.	U.Shs.	CUMULATIVE ACTUAL Qty. Ltrs.	Value U.Shs.	BUDGETED Qty. Ltrs.	U.Shs.	CORPORATE PLAN Qty. Ltrs.	U.Shs.
Uganda Waragi	14,?77	33,791,264	40,195	101,141,967	1,108,800	51,920,108	33,712	55,993,642	180,370	202,283,934	2,217,600	103,840,218
[illegible]	1,394	[illegible]	7,100	9,591,000	158,400	7,417,158	2,277	6,240,075	6,300	17,192,000	316,800	14,834,316
[illegible]	391	[illegible]	3,570	10,508,250	158,400	7,417,158	2,137	4,358,854	7,140	21,012,700	316,800	14,834,316
[illegible]	1,249	[illegible]	900	1,967,200	158,400	7,417,158	4,492	3,044,194	1,800	3,934,400	316,800	14,834,316
	[illegible]	[illegible]	47,655	123,236,517	1,584,000	74,171,592	42,618	74,925,768	93,310	244,413,034	3,168,000	148,343,166

4. TRADING PROFIT AND LOSS ACCOUNT FOR THE MONTH OF FEBRUARY, 1991

	ACTUAL	BUDGETED	VARIANCE ACTUAL/BUDGET	CORPORATE PLAN	CUMMULATIVE ACTUAL	CUMMULATIVE BUDGETED	VARIANCE ACTUAL BUDGETED
Net Sales	33,794,935	123,236,517	(89,441,582)	74,171,594	74,925,768	244,413,034	(169,484,266)
Less: Cost of Goods Sold	19,291,296	50,779,250	(31,487,954)	48,803,342	38,697,081	101,558,580	(62,861,499)
Gross Profit	14,473,539	71,457,227	(54,953,698)	25,368,242	36,231,687	140,854,454	(106,622,767)
Less: Operating Expenses	19,253,702	69,076,816	(49,823,134)	19,029,142	43,065,800	139,153,632	(95,087,832)
Profit from Operations	(2,780,153)	2,380,411	(5,170,634)	6,340,100	(6,834,113)	4,700,822	11,534,935
Add: Other Income	327,840	1,458,649	(930,809)	125,000	723,363	2,917,336	(2,193,973)
Profit (Loss) Before Tax	(2,242,333)	3,839,079	(6,081,412)	6,465,100	(6,110,757)	7,618,158	(13,728,911)
Less: Income Tax	0	2,575,842	(2,581,350)	3,232,550	0	5,151,734	(5,151,734)
NET PROFIT (LOSS) AFTER TAX	(2,242,333)	1,263,217	(4,190,053)	3,232,550	(6,110,757)	2,466,424	8,577,187

APPENDIX 17 CONTD..

5. CASH FLOW STATEMENT FOR THE MONTH OF FEBRUARY, 1991

Inflow:	U.Shs.
Opening Balance	5,453,069
Finished Products	53,964,031
Sale of Feint Spirit	537,860
Staff Debtors	289,930

	60,244,890
	==========
Less:	
Outflow:	
Administration Expenses	3,540,192
Production Expenses	9,513,407
Selling Expenses	167,500
Raw Material Purchased	11,595,331
Fixed Assets	2,057,000
Creditors	26,226,976
Advances	3,143,940
House Rent	1,860,000
Insurance	259,705
Interest on Overdraft	1,536,720
Bank Charges	12,100
Loan Interest	1,579,395

	65,792,306

	(5,547,916)
	==========

6. WORKING CAPITAL FOR THE MONTH OF FEBRUARY, 1991

Current Assets:	U.Shs.
Cash and Banks	(6,047,916)
Debtors	53,323,465
Prepayments	28,946,618
Inventories	113,917,360
Marketable Securities	0

	190,139,527

Less: Current Liabilities:	
Creditors	53,593,333
Accrued Payments	3,227,781
Short Term Loans and Overdrafts	46,879,591
Income Tax	23,523,780
Dividends	0
Other Taxes	22,479,072

	149,700,057

WORKING CAPITAL	40,439,470
	===========

APPENDIX 17 CONTD..

7. MAIN RAW MATERIALS POSITION:

MATERIAL	ORDER LEVEL	IN STOCK	IN TRANSIT	OTHERS PAID FOR
Enguli and Raw Spirit (SCOUL) at 100% VOL. (Lts.)	21202	3117	Nil	Nil
Sentrates: Lts.	8377	3976	1000	Nil
Fuel (Lts.)	6313	1880	Nil	Nil
Filter Sheets (pcs.)	1625	5032	45000	Nil
Bottles (pcs.)	1033131	287259	-	Nil
Totapak Satchets (roll)	851	247	Nil	Nil
Labels (pcs.)	611901	3871000	Nil	Nil
Heat Shrinking Capsules (pcs.)	577158	924523	439400	Nil
Seals (pcs.)	611901	2996600	Nil	Nil
Carton Boxes (pcs.)	9660	8157	5500	Nil

8. PLANT AND MACHINERY:

Some old valves on Enguli lien were replaced. A motor for singlings water was burnt and taken for rewinding. Work on replacing the gutter and blo king leakages on the factory roof is in progress.

APPENDIX 18

EAST AFRICAN DISTILLERIES LIMITED
DISTRIBUTION LIST FOR EADL MONTHLY REPORTS

J.M.S. Kanakulya
E.J.C. Mollerus
N.C. Payne
C.M. Oketayot
Hon. Minister of Industry and Technology
Deputy Minister of Industry
Deputy Minister/Research and Technology
P/S., Ministry of Industry and Technology

General Manager - EADL
A.S. Lugoloobi
Duncan, Gilbey and Matheson S.A.

Chairman's Office
Executive Director 'A', 'B', and 'C'
Chief Financial Officer Corporation
Corporation Secretary
Chief Accountant
Director of Projects and Research
Director of Administration

Confidential Registry (3)

APPENDIX 19

EAST AFRICAN DISTILLERIES LIMITED

REPORTS FOR MANAGEMENT INFORMATION AND OTHER REPORTS TO BE SUBMITTED DURING PLAN PERIOD FROM 1992 TO 1996

PRODUCTION

1) Enguli received voucher
   / Quantity
   -- Quality
   \ Strength of alcohol
   \ Volume
   \ Amount
2) Invoice/Delivery Note - SCOUL
3) Diluted Spirits Report
4) Distillation Report
5) Requisition for Fine Spirit
6) Blending Report - Requisition for Inputs (eg.: Sentrates and Essences)
7) Bottling Report - Requisition for Inputs
8) Finished Goods Report by Batch
9) Monthly Production Report
10) Quarterly Production Report
11) Annual Production Report
12) Labour Time Card
13) Materials Requisition
14) Purchase Requisition
15) Overseas Indent
16) Local Purchase Order
17) Procurement + Status Report
18) Goods Inspection Note

STORES

1) Finished Goods Received Note: (To be copied to Production and Marketing/Sales Departments
2) Delivery Note
3) Daily Stock Position Return
4) Customs Return
5) Finished Goods Returned Note
6) Monthly Summary of Movement of Finished Goods
7) Free Issues Voucher Requisition
8) Stock Replenishment

APPENDIX 19 CONTD.

SALES

1) Sales Invoice (Cash)
2) Sales Invoice (Credit)
3) Daily Sales Return
4) Monthly Sales Report
5) Quarterly Sales Return
6) Annual Sales Return

PERSONNEL

1) Appointments
2) Daily Attendance Report
3) Leave Form
4) Social Security
5) Income Tax
6) Poll Tax
7) End of Service Benefits Increment
8) Overtime Form
9) On-the-Job Training Progress Report
10) Staff Performance Evaluation Reports
11) Other Training and Manpower Development Reports

ACCOUNTS

1) Daily, Weekly and Quarterly Cash Budgets
2) Weekly and Monthly Bank Reconciliation Statements
3) Monthly and Quarterly Profit and Loss Statements, Balance Sheets and Cash Flow Statements
4) Performance Control Report
5) Budget
6) Corporate Plan
7) Financial Ratio Performance Report.

APPENDIX 20

EAST AFRICAN DISTILLERIES LIMITED
PRODUCTION COST ACCOUNT FOR THE MONTH ENDING __________

CAPACITY LEVEL ATTAINED ______% EXPECTED _____% (C'NCY: U.SHS '000 + 1DEC.)

	CUMMULATIVE THIS MONTH		ACTUAL THIS MONTH		BUDGET THIS MONTH		VARIANCE ACTUAL/BUDGET	
	LTS	VALUE	LTS	VALUE	LTS	VALUE	LTS	VALUE
<u>Enguli and Raw Spirit Usage</u>: 1. Enguli Purchase 2. Raw Spirit Purchase 3. E & S Purchase Labur 4. EST Stock at Start								
GS: EST Closing Stock <u>DILUTION</u>: 1. Enguli & Raw Spirit Usage 2. Dilution Water Usage 3. O/S of Diluted Spirit 4. Less: C/St. of Dil. Spirit								
<u>DISTILLATION</u>: 1. Diluted Spirit Usage 2. Distillation Labour 3. Boiler Water Steamed A/C 4. Boiler Fuel Usage A/C 5. Other Direct Expenses A/C 6. O/S of Semi-dist. Spirit								
8. Distillation Yield (%) 9. Less: Feints Produced								
10. FINE SPIRIT PRODUCED 11. O/S of Fine Spirit 12. Less: C/St. of F/Spirit								

Appendix 20 Contd.

	UGANDA WARAGI				REINS M. BRANDY				M. ROYAL WHISKY				Q.E. DRY GIN		TOTAL
BLENDING:															
Fine Spirit Usage:															
Actual for the Month															
Sentrates Usage															
TIME COST TO DATE															
Add: O/S of Blended Spirit															
Less: C/S of Blended Spirit															
FILTRATION:															
Filtersheets Usage A/C (spent)															
BOTTLING AND PACKAGING:	75CL	30CL	15CL	T/P	75CL	30CL	15CL	T/P	75CL	30CL	15CL	T/P	75CL	T/P	
Blended Spirit															
Cartons															
Seals															
Capsules															
Cellotapes															
Filtersheets															
Polythene Satchets															
Dispenser Boxes															
Labels															
TOTAL VARIABLE PRODN. COST															
TOTAL FIXED O'HEADS (APPN)															
TOTAL COST OF PRODUCTION															
FINISHED BRAND COSTS -															
PER: LITRE															
CARTON/BOX															
BOTTLE/TOTAPAK															

AUTHORISED SIGNATORY: ______________

DATE: ______________

APPENDIX 21

EAST AFRICAN DISTILLERIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE MONTH ENDED .... (IN U.SHS '000 + 1DEC)

SIGNED BY:

C.A G.M

	ACTUAL THIS MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH	LAST YEAR SAME MONTH	CUMM ACTUAL TO DATE	BUDGETED CUMM TO DT	CUMM VARIANCE
NET SALES							
LESS: COST OF SALES							
GROSS PROFIT							
DEDUCT: SELLING GENERAL AND ADMIN. EXPS.							
1. MARKETING AND SALES							
Publicity and Adverts							
Travelling and Subsist.							
Vehicle Running							
Breakage							
Insurance							
Salary							
Stationery							
SUB-TOTAL	0	0	0	0	0	0	0
2. ACCOUNTING AND FINANCE							
Salary							
Travelling and Subsist.							
Vehicle Running							
Stationery							
Bank Charges							
Interest on O/D							
Interest on Loan							
SUB-TOTAL	0	0	0	0	0	0	0

	ACTUAL THIS MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH	LAST YEAR SAME MONTH	CUMM ACTUAL TO DATE	BUDGETED CUMM TO DT	CUMM VARIANCE
3. ADMINISTRATION							
Vehicle Running							
Salary							
Staff Pension							
Maintenance of Office Eqpt.							
Travelling Overseas							
Travelling Inland							
Insurance							
Tel., Telex and Postage							
Stationery							
Subscription Rates & Licen.							
Audit Fees							
Adverts and Publicity							
Office Supplies							
Legal and Professional Fees							
Management and Tech. Fees							
Technical Fee							
Secretarial Fees							
Maintenance of Office Blg.							
Entertainment							
Depreciation							
SUB-TOTAL							
4. PERSONNEL							
Salary							
Stationery							
Travelling and Subs.							
Vehicle Running							
Sick-Bay and Drugs							
Uniform							
Canteen and Ind. Welfare							
Training and Tuition							

	ACTUAL THIS MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH	LAST YEAR SAME MONTH	CUMM ACTUAL TO DATE	BUDGETED CUMM TO DT	CUMM VARIAN
5. AUDIT							
Salary							
Travelling and Subs.							
Vehicle Running							
Stationery							
	0	0	0	0	0	0	0
GRAND TOTAL EXPENSES	0	0	0	0	0	0	0
NET PROFIT/(LOSS) BEFORE TAX	0	0	0	0	0	0	0
TAXATION							0
NET PROFIT/(LOSS) AFTER TAX							0
NET SALES							
Local - Seg. 1							
- Seg. 2							
Export							
TOTAL							
LESS:							
Cost of Sales:							
Local - Seg. 1							
- Seg. 2							
Export							
GROSS PROFIT							

APPENDIX 22

EAST AFRICAN DISTILLERIES LIMITED
VARIANCE ANALYSIS FOR THE MONTH ENDED .....

SALES

PRODUCT	ACTUAL QTY SOLD	BUDGETED QTY	DIFFERENCE	ACTUAL SELLING PRICE	STANDARD SELLING PRICE	SELLING PRICE DIFFERENCE	SALES VALUE VARIANCE	SALES VALUE VARIANCE ANALYSIS		REASON
								PRICE	VOLUME	
WARAGI:										
75cl										
30cl										
15cl										
T/P										
R.M. BRANDY										
75cl										
30cl										
15cl										
T/P										
M.R. WHISKY										
75cl										
30cl										
T/P										
Q.E. DRY GIN										
75cl										
30cl										
15cl										
T/P										
TOTAL										

APPENDIX 23

EAST AFRICAN DISTILLERIES LIMITED

VARIANCE ANALYSIS FOR THE WEEK ENDED

MATERIALS

CODE	ACTUAL QTY SOLD	ACTUAL QTY	(A OR F) DIFFERENCE	STANDARD PRICE	ACTUAL PRICE	PRICE DIFFERENCE	ACTUAL VARIANCE	VARIANCE ANALYSIS		REASON
								USAGE	RATE	
01	CARTON BOXES	900	100(F)	500	450	50(F)	95000(F)	45000(F)	50000(F)	
02	LABELS									
TOTAL										

APPENDIX 24

EAST AFRICAN DISTILLERIES LIMITED

VARIANCE ANALYSIS FOR THE WEEK ENDED

DIRECT LABOUR

SECTION	BUDGETED HOURS	ACTUAL HOURS	HOUR DIFFERENCE	STANDARD RATE	ACTUAL RATE	PRICE DIFFERENCE	LABOUR COST VARIANCE	ANALYSIS		REASON
								EFF.	RATE	
01	2000	2500	500(A)	200	150	50(F)	25000(A)	75000(A)	100000(F)	
02										
TOTAL										

APPENDIX 25

EAST AFRICAN DISTILLERIES LIMITED

VARIANCE ANALYSIS FOR THE WEEK ENDED

OVERHEAD	STANDARD COST	ACTUAL COST	TOTAL O/H COST	VARIANCE ANALYSIS					
				CONTROLLABLE			UNCONTROLLABLE		
				PRICE	CAPACITY UTIL.	EFF.	PRICE	CAPACITY UTIL.	EFF.
DEPR.									
TOTAL									

APPENDIX 26

EAST AFRICAN DISTILLERIES LIMITED

CASH BUDGET: WEEK ENDING

PREVIOUS WEEK ENDED _______ (ACTUALS)		MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	COMMENTS
	Inflows:						
	Cash Sales						
	Debtors Collection						
	Feints						
	Scrap Sales						
	TOTAL						
	Outflows:						
	Sales Tax						
	Excise Duty						
	Import Duty						
	Bottles Purchase						
	SCOUL						
	Total (U) Ltd						
	Mulbox						
	Salaries						
	Wages						
	Travelling Expenses						
	Medical						
	Ind. Welfare						
	Publicity						
	Cleaning						
	Commission (Sales)						
	Vehicle Running						
	Office Supplies						
	Donations						
	Others:						
	TOTAL						
	Net Cash Flow						
	Opening Bal. (O/D)						
	Closing Bal. (O/D)						
	Closing Details						
	Cash						
	UCB - Luzira						
	Barclays E.H						
	UCB - Corporate						

APPENDIX 27

EAST AFRICAN DISTILLERIES LIMITED
CASH BUDGET: MONTH ENDING

PREVIOUS MONTH ENDED _______ (ACTUALS)		WEEK 1	WEEK 2	WEEK 3	WEEK 4	COMMENTS:
	Inflows:					
	Cash Sales					
	Debtors Collection					
	Feints					
	Scrap Sales					
	TOTAL					
	Outflows:					
	Government Taxes					
	Creditors					
	Sales Exps.					
	Administration Exps.					
	Prod. Exp-Var.					
	Bottle Purchases					
	Loan Repayment					
	Fin. Exp.					
	TOTAL					
	Opening Bal. (O/D)					
	Closing Bal. (O/D)					
	Closing Details					
	Cash					
	UCB - Corporate					
	UCB - Lugira					
	Barclays					

APPENDIX 28

EAST AFRICAN DISTILLERIES LIMITED

CASH BUDGET: QUARTER ENDING ....

PREVIOUS QUARTER ENDED _______ (ACTUALS)		MONTH 1	MONTH 2	MONTH 3	COMMENTS
	Inflows:				
	Cash Sales				
	Debtors Collection				
	Feints				
	Scrap Sales				
	TOTAL				
	Outflows:				
	Government Taxes				
	Creditors				
	Loan Repayment				
	Finance Exps.				
	Admin. and Sel. Exps.				
	Prod. Exp - Var.				
	Prod. - Fixed				
	Bottle Purchases				
	TOTAL				
	Net Cash Flow				
	Opening Bal. (O/D)				
	Closing Bal. (O/D)				
	Closing Details				
	Cash				
	UCB - Corporate				
	UCB - Tuzira				
	Barclays				

APPENDIX 29

EAST AFRICAN DISTILLERIES LIMITED
CASH BUDGET: YEAR ENDING ....

UShs '000

PREVIOUS YEAR ENDING .... (ACTUALS)					CURRENT YEAR ENDING				
QTR 1	QTR 2	QTR 3	QTR 4		QTR 1	QTR 2	QTR 3	QTR 4	COMMENTS:
				Inflows:					
				Cash Sales					
				Feints					
				Scrap Sale					
				Bottle Deposits					
				Debtors Collection					
				TOTAL					
				Outflows:					
				Fixed Assets					
				Imports					
				Local Purchases					
				Selling and Admin. Exps.					
				Prod. Exps: Fixed					
				Prod. Exp. - Var.					
				Bottle Purchases					
				Government Taxes					
				Corporate Tax					
				Dividend					
				Loan Repayment					
				Financial Exps.					
				TOTAL					
				Net Cash Flow					
				Opening Balance/(O/D)					
				Closing Balance/(O/D)					
				Closing Details					
				Cash					
				UCB - Corporate					
				UCB - Luzira					
				Barclays					

APPENDIX 30

EAST AFRICAN DISTILLERIES LIMITED
WEEKLY VOTE ALLOCATION CONTROL

RESPONSIBILITY CENTRE: MKT AND SELL....
ACCT AND FIN....
ADMIN....
PERSN....
AUDIT....
PROD ....

BUDGET PERIOD: .....

DATE	VOUCHER NO.		EXPENSE LINE ITEMS								
			CODE: SALARY	WAGES	STATIONERY	TRAVEL	VEH. RUN.	DRUGS	UNIFORM	CANTEEN	TRAININ
		BUDGETARY									
		ALLOCATION									

PART IV: **MARKETING REPORT ON EAST AFRICAN DISTILLERIES LTD.**

CHAPTER 10.0. INTRODUCTION

MARKETING REPORT ON EAST AFRICAN DISTILLERIES LIMITED

10.0. INTRODUCTION

10.1. Background

10.1.1. **This** report covers the activities performed by the **IMAS** Marketing Consultant during inplant training of the Sales Manager and the Assistant Sales Manager of **East African Distilleries Limited** *(EADL)* from July 22, 1991 to August 16, 1991.

10.1.2. Before the training began, the **IMAS** team leader had conducted preliminary studies to identify the areas in the Department's sales and marketing activities where on-the-job training would have the most impact in strengthening the Department.

10.1.3. A programme of activities drawn up for the **IMAS** Marketing Expert by the **IMAS** team leader was followed.

10.1.4. Even though every effort was made to adhere to the schedule of activities covered in the programme of the Marketing expert, considerable time had to be spent explaining basic marketing concepts to the two members of staff since it was discovered that their knowledge of basic marketing concepts was very poor.

10.1.5. Accordingly, the Consultant spent a considerable amount of time discussing marketing concepts and techniques with the two members of staff to enable them have a better understanding of marketing processes.

10.2. Programme Aim and Scope

10.2.1. The aim was to develop in the Sales Manager and his Assistant, the ability to recognize marketing problems and opportunities whenever they appear in their operation; to analyze their causes and find solutions as well as take advantage of opportunities whenever they arise.

10.3. Programme Objectives

10.3.1. It was expected that by the end of the programme the Sales Manager and his Assistant would be able to do the following:

10.3.2. Organize the Department into Sections that will:-

- *be able to respond quickly to changes in the market environment*
- *have specific job descriptions*
- *have officers who will work to achieve targets*
- *co-ordinate marketing activities for effectiveness.*

10.3.3. Develop a distribution system that will:-

- *provide balanced distribution*
- *maximize sales*
- *minimize the cost of distributing products*
- *ensure uninterrupted distribution*
- *make products available in all regions.*

10.3.4. Undertake research activities that will:-

- *locate both local and export markets*
- *select target markets*
- *develop new products*
- *identify markets for new products*
- *review and recommend change of quality and packaging of products for local and export markets*
- *determine and place adverts in target markets.*

10.3.5. Pursue product policies that will:-

- *offer a balanced product mix.*
- *package products to meet the pockets of the people in the low income market.*
- *ensure that products in demand are available.*

10.3.6. Develop pricing policies that will:-

- *ensure that the Company's products are affordable.*
- *differentiate prices for the different market segments.*
- *persuade customers to buy the company's products.*

10.3.7. Develop export policies that will:-

- *address both the short and long term export objectives of **EADL**.*

CHAPTER 11.0. SUMMARY OF RECOMMENDATIONS

11.0. SUMMARY OF RECOMMENDATIONS

11.1. Managing the Sales Force

11.1.1. The sales force should be expanded to include a Sales Manager, two Sales Assistants and four Salesmen. Each of the Salesmen should be made responsible for each region with two Salesmen to report to each Sales Assistant. Furthermore, each Sales Assistant is to report to the Sales Manager.

11.1.2. The Sales Manager's office must be located near the finished goods store.

11.1.3. The Sales procedure should be modified as outlined in Appendix 2 of Part No. (v) of this report.

11.1.4. Authority limits must be determined to guide the sales personnel in dealing with customers requests, credit limit fixing and endorsement of cheques.

11.1.5. Sales Invoices must be signed by the Sales Manager or his Assistant in accordance with the authority limits to be set.

11.1.6. The chit system must be abolished. Also, the Internal Auditor's involvement in sales must be discontinued forthwith.

11.1.7. A weekly sales plan must be prepared to guide all sales personnel.

11.1.8. Daily sales summary must be prepared by the Sales Assistant for the information of the Sales Manager and the Internal Auditor.

11.1.9. An incentive scheme to be approved by the Board of Directors should be worked out for the Salesmen and bonuses should be awarded to the Salesmen for exceeding targets that are set for them.

11.1.10. Active competition among the Salesmen must be encouraged.

11.1.11. At the end of each year, the Sales Manager must be awarded a bonus if the year's actual sales exceed the targeted sales.

11.2. Distribution Policies

11.2.1. Shift from relying on retailers to wholesalers who must be appointed from the regions and be given specific areas to operate within.

11.2.2. Selected wholesalers should be given basic training in record keeping; inventory control; and salesmanship.

11.2.3. Develop a system for monitoring the performance of wholesalers.

11.2.4. Support the operations of wholesalers with advertising and promotion.

11.2.5. Schedule sales trips into the regions and let customers know of schedules well ahead of time.

11.3. **Research**

11.3.1. Undertake a programme which will focus on the cost and affordability of products sold to the consuming public.

11.3.2. Direct research activity to help determine brand preferences of customers in various market segments.

11.3.3. Undertake programmes which would make promotional activities more effective by assessing the effectiveness of various promotional media used by the Company.

11.3.4. The 15cl brand of Waragi should be repackaged or its price reduced by giving discounts for purchases above a given quantity.

11.3.5. The laboratory should be equipped and the staff trained in order to enhance the effectiveness of their activities including randomly selecting and testing finished products to determine if they conform to standard.

11.3.6. Establish the relationship between the demand for beer and waragi.

11.3.7. Find any other variables, apart from income, on the basis of which the market can be segmented.

11.4. Product Innovation

11.4.1. Uganda Waragi is to be packaged and priced in such a way as to make it more affordable to the majority of Ugandans, who are in the low income category.

11.5. Pricing Policies

11.5.1. The principle of offering discounts to customers should be adopted.

11.5.2. The present procedure of **EADL** having to pay cash out to customers for discount purposes should be replaced by granting such customers free products for specific quantities that they purchase.

11.5.3. Under no circumstance should prices of products be determined without the involvement of the marketing and sales personnel.

11.5.4. The Chief Accountant should perform an advisory role as far as price fixing is concerned.

11.5.5. It should be the responsibility of the General Manager to approve of the final price of each product.

11.6. Export Policies

11.6.1. As a short term measure, export of finished products should be made in accordance with customers preferred packaging at prices which can facilitate the penetration of export markets.

11.6.2. Exports, in the long term, should aim at establishing **EADL** as the leading exporter of Waragi products in the world.

CHAPTER 12.0. SYSTEMS REVIEW AND DEVELOPMENT

12.0. SYSTEMS REVIEW AND DEVELOPMENT

12.1. Review Methodology

12.1.1. Operational information considered crucial and relevant for achieving the aims and objectives of the programme were obtained through personal interviews and observation. To this was added systems notes obtained from reading the Kienbaum Management Audit Report and **IMAS** Progress Report.

12.1.2. The Sales Manager and the Sales Assistant were fully engaged with the Marketing Specialist throughout the period, discussing problems, conducting interviews involving company personnel, customers and competitors *(waragi distillers)* and finding export markets and exporters. On a number of occasions, personnel from **Public Industrial Enterprises' Secretariat** *(PIES)* joined in the discussions.

12.2. Scope

12.2.1. The broad spectrum covered by the interviews and observations made included the following:

- *Review of EADL's products, production methods and related activities*
- *Review of retailing activities*
- *Review of product pricing methods*
- *Review of distribution methods and agency operations*
- *Review of advertising and sales promotion*
- *Review of sales procedures.*

12.3. Managing the Sales Force

12.3.1. *The Sales System*

The present sales system at **EADL** is not suited for even its present limited needs. For one thing, the system is not based on any meaningful structure. There is a Sales Manager and a Sales Assistant without any definite job descriptions. No sales targets are set for achievement.

Consequently, past sales performance has mainly been the result of customer request rather than a sales effort on the part of the Salesmen.

The main cause of this weakness on the part of the sales organization has been the lack of the required sales force. Certainly, it is woefully inadequate for one Sales Assistant to be in charge of sales for the whole nation. Table 12a below shows the *Sales Volumes (In Cartons) and the Percentage Sales Increases for the Period 1988 to 1990.*

TABLE 12a

Year	Sales Volume (in Cartons)	% Increase
1988	24,042	-
1989	27,514	14
1990	31,971	16

SOURCE: EADL Records

In the view of the Consultants, the percentage increases of 14 and 16 for 1989 and 1990 respectively could have been two-fold or more if there had been an adequate sales force to compliment the customers demand.

During the medium term, 1992 to 1996, the Sales Department will be expected to meet targeted sales volumes as per Table 12b below.

TABLE 12b

Year	Sales Volume (in Litres)	% Increase
1992	528,000	62.6
1993	616,000	16.6
1994	704,000	14.2
1995	792,000	12.5
1996	880,000	11.1

The sales volumes were obtained on the basis of the underlisted percentages of maximum capacity utilization of 1760000 in the period 1992 to 1996:

1992	-	30%
1993	-	35%
1994	-	40%
1995	-	45%
1996	-	50%

Out of the projected 366,080 litres of output for 1991, the Sales Department is targeted to sell 324,815 litres. As at June, 21656 litres had been sold.

In absolute terms, sales volume increases of 88000 litres have been planned for each year within the next five years. Obviously, this level of activity cannot be achieved without steps being taken to enhance the sales force.

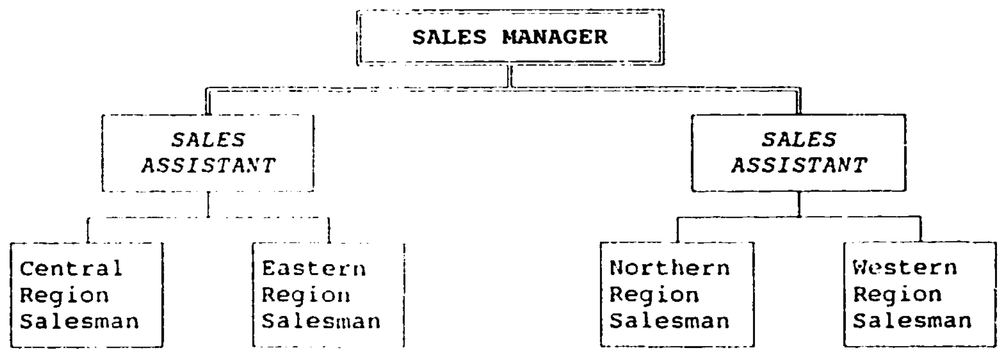
Due to the Company's Corporate Mission to be leaders in the alcoholic beverages in the industry, due cognizance has been given to the presence of competitors in the market scene by ensuring that the sales programme is diversified to include exports, which are expected to increase from 5% in the first year of the Plan Period to 10% by the end of the period.

In order to meet the targeted sales activity over the Plan Period, the urgent need for an effective sales system backed by an efficient sales organization cannot be underestimated.

In the opinion of the Consultants, a desirable Sales Organization Structure should be one which will be dynamic enough to respond quickly to changes in the market environment, whose Officers will have specific Job Descriptions and will be capable of working to achieve results. Such an organization is expected to enable the sales system to maximize sales, ensure a balanced and uninterrupted distribution, and supply of goods in all the four regions.

In order to achieve the foregoing, it is recommended that the sales force be expanded to include the SALES MANAGER, two SALES ASSISTANTS and four SALESMEN. Each of the Salesmen should be made responsible for each region and be responsible to a Sales Assistant; and that each Sales Assistant should be responsible for two Salesmen and responsible to the Sales Manager. Below is the Recommended Organization Structure for the Sales Department.

RECOMMENDED ORGANIZATION STRUCTURE FOR THE SALES DEPARTMENT



The Personnel Department has been assigned to prepare Job Descriptions for personnel in the Sales Department during the Plan Period.

12.3.2. *Sales Procedure*

One observed weakness of the Sales system was the cumbersome and time consuming procedure in meeting a customer's simple request for goods. *Appendix 1, Sales Procedure Narratives,* provides a narrative of the present sales procedure followed in the sale of the goods.

As can be seen from Appendix 1, steps being followed in meeting a single purchase order from a customer tends to involve the customer himself i. the selling responsibility. The customer appearing in 3 out of the 12 stages followed in discharging a sales contract. What the consultants considered a major weakness of the system is the involvement of the buyer in discharging a sales responsibility.

Another inconsistency that was found is the involvement of the Internal Auditor in the sales activity.

The effect of the existing procedure is that customers who approach the Company with ready cash to buy goods are not accorded the convenience and smoothness expected of a sales transaction in keeping with sound market principles. It is appropriate to point out here that undue delays in the selling procedure and involvement in avoidable steps like chit issues and movement of customers over long distances are counter productive.

In the opinion of the Consultants therefore, there is a need to evolve a simpler sales procedure which will ensure a quicker response to customers' requests, a procedure which will not waste the customers time once he enters the Sales Depot of **EADL**. *(Please refer to Appendix 2 for the Sales Procedure recommended by the Consultants)*.

The Consultants are aware of the aggressive sales delivery strategies being adopted by **EADL**'s competitors in and around Kampala which entail supply of the finished goods at the doorstep of customers.

It is therefore important to observe that if **EADL** according to its present sales policy, supplies to its customers direct from the factory at ex-factory price, then, at least the customers' convenience must be a top priority.

In the view of the consultants, the sales activity entails four simple processes:

1. *Invoicing*
2. *Cash Receiving*
3. *Delivery*
4. *Way Billing*

Actions that are deemed necessary in connection with this foregoing processes are as indicated in Table 12c below.

TABLE 12c

	Process	Action	Responsibility
1.	Invoicing	Preparation of Company's own sales invoice and customs invoice	Invoice Clerk/ Customs Officer
2.	Cash Receiving	Receiving and Counting of Cash and issuing of pre-numbered official receipt	Receiving Cashier
3.	Delivery	Physically handing over paid-for quantities as stated on the sales invoice	Store Clerk
4.	Way Billing	Preparation of the Waybill to cover the goods delivered.	Waybill Clerk

For control purposes, all actions as above, must be monitored by responsible officers to ensure speed and accuracy of processing and delivery and above all, customer satisfaction.

In order to achieve the foregoing, it would be important to clearly define duties and responsibilities of the sales personnel. Equally important will be the need to specify authority limits commensurate with delegated responsibilities. This should be done to ensure continuity of the sales activity in the absence of the Sales Manager.

Another important condition in the sales effort worthy of restructuring is the office location of the Sales Manager, the Sales Assistant, the Store Clerk and the Cashier. At the moment, the Sales Manager's office is between 50 to 75 meters away from where the sales action actually takes place.

Under the Proposed Organization Structure, the finished goods storage has been made the responsibility of the Marketing and Sales outfit.

Accordingly, the responsibility of the finished goods now falls under the Sales Manager. The Consultants did not consider that the present location of the Sales Manager's office vis-a-vis the location of the finished goods stock helps to expedite sales since in any single sale this distance has to be covered in getting the sales invoice signed.

In order to achieve the desired smoothness in the sales procedure, the Consultants recommend as follows:-

1) The Sales Manager's office must be located near the finished goods store.

2) Sales procedure should be modified according to Appendix 3 attached.

3) Authority limits must be determined to guide the sales personnel in dealing with customers requests, credit limit fixing and endorsement of cheques.

4) Sales invoices must be signed by Sales Manager or his Assistant in accordance with the authority limits to be set.

5) The chit system must be abolished. Also the Internal Auditors involvement in sales must be discontinued forthwith.

6) A weekly sales plan must be prepared to guide all sales personnel.

7) Daily sales summary must be prepared by the Sales Assistant for the information of the Sales Manager and Internal Audit.

8) There must be two separate clearly printed invoices one for cre lit sales and the other for cash sales in order to ease general ledger accounting.

12.3.3. *Sales Forecasting*

As part of the sales management strategy, sales forecasting is a necessary prerequisite. However, no such activity was formally being carried out.

Consequently, the resultant uncoordinated sales budget in previous years naturally failed to support management control.

As part of the marketing strategy during the plan period, 1992 to 1996, the preparation of sales forecast on weekly, monthly, quarterly and annual basis is highly recommended.

The formatting of the above periodic sales forecast together with the modalities of filling in the details have all been fully discussed with the Sales Manager.

12.3.4. *Incentives*

EADL management expects to achieve set goals during this medium term. Prominent among these goals are the production targets and the sales volumes to be achieved as and when goods are produced.

Thus, it is expected that in the course of the Plan Period, the sales outfit will be faced with a herculean task of selling all that will be produced because production is expected to increase from its present level of about 352,000 litres to 880,000 litres by the end of the period.

To achieve the desired task for the Sales Department calls for a realistic and objective consideration for the recognition of the human resource factor to be engaged in its achievement. In this connection, the need for effective accounting of the human resource component of the sales performance need not be overemphasized. Productivity enrichment is equally an important factor to be considered in relation to the achievement of the targeted sales output.

The Consultants have already identified, in Section 12.3.1, the lack of the needed sales force as one of the main factors hindering sales growth and have accordingly recommended for an expansion of the sales force.

It is however important to note that expansion of the sales force will not achieve the desired goal of meeting the sale targets set under the corporate plan unless the effort of the sales force are linked up with productivity incentive package.

Such a package should be formulated with the aim of inspiring the Salesmen to attain levels of performance beyond their average capabilities.

Accordingly, the Consultants recommend the following guidelines:

1) An incentive scheme to be approved by the Board of Directors should be worked out specially for the Salesmen. Bonus should be awarded to the Salesmen for high performance at all times. The basis for awarding the bonuses should be percentages, to be decided by Management, of the excess over targeted sales volumes.

2) Active competition among the Salesmen must be encouraged. In this connection, recognition and commendation for high performances must be publicly made to the performing Salesmen. This can subtly be achieved by erecting a notice board with publication of weekly sales performances conspicuously displayed with charts. At the end of each year, the Sales Manager must also be awarded a bonus, if the overall sales for the year exceeds the targeted sales, by a percentage to be decided by Management.

12.3.5. *Training*

The objective of the Sales Manager is expected to be to plan, organise, direct, control and coordinate Salesmen and other material resources at his disposal in order to generate sales volumes consistent with corporate goals at all times.

In view of the foregoing, it is imperative to pursue a programme of Training which will be tailored to meet the training needs of the Sales Manager and his subordinates.

The course content and scope which should be phased and delivered according to level should include the following topics:

- *Report Writing*
- *Budgeting*
- *Book Keeping*
- *Leadership and Supervisory Skills*
- *Salesmanship*
- *Commercial Law*
- *Store Keeping*
- *Product Knowledge*
- *Time and Territory Management*
- *Persuasion Skills*
- *Negotiating Skills*
- *Prospecting*
- *Business Fundamentals*
- *Telephone Selling*
- *Sales Forecasting*

It is expected that during the medium term the recruitment of sales staff to fill designated positions in the sales outfit would be followed by carefully planning inplant induction courses designed to enhance knowledge of sales force within the framework of the topics listed above.

In this regard, the Personnel Manager of **EADL** is expected to review existing training schemes and draw up structured training and manpower development programme by 30th April, 1992.

The expected necessary follow up action includes monitoring on-the-job training programmes throughout the Plan Period. It shall also be necessary for the Personnel Manager to continue to identify training needs of the Sales Department and arrange suitable courses during the medium term period and beyond.

12.4. Distribution Problems

12.4.1. Technically, what obtains at **EADL** cannot be described as a distribution system. If however, for want of better expression, what exists can be described as distribution then it is absolutely ineffective for the following reasons:-

(a) Products do not get to all the districts in a region.
(b) Trips to the regions are not scheduled.
(c) Delays in the supply of orders are experienced.

(a) *Products do not get to all the Districts in a Region*
A trip into a region follows a specific route and it terminates at the point the last carton of products is sold. Thus, if the last carton was sold within a radius of hundred kilometres of Kampala where the trip started, customers beyond

do not get the products to buy even though they might be out of stock.

Consequently, sales are only concentrated in the Central Region around the Kampala area. This leads to a reduction in the volume of sales.

Table 12d below shows the Regional Distribution of **EADL** Products as a percentage of the total volume, 1988 to 1991.

TABLE 12d

R E G I O N	1988	1989	1990	1991 (JAN-JUN)
	Vol. %	Vol. %	Vol. %	Volume %
Central	84.4	86.3	80.7	76.1
Western	10.9	2.8	10.4	14.9
Northern	1.0	0.1	0.3	0.7
Eastern	3.7	10.8	8.6	8.3
T O T A L	100.0	100.0	100.0	100.0

SOURCE: EADL Records

This system is ineffective. It does not lead to the goal of making the products available to customers at the place where they need them.

In order to solve this problem, a wholesaler should be selected for every region, at least. Every wholesaler will plan the inventory level and place orders to replenish.

(b) *Unscheduled Trips*

There are no specific dates in the month that trips are made. At the moment, there is only one Salesman for the whole country. The decision to make a sales trip depends on this sole Salesman depending on, among other things, his personal mood and the availability of transport.

This practice leaves customers in doubt resulting in the following two situations:-

- *Customers are not in their shops at the time of call.*
- *Customers met in their shops would not be ready to buy. There are instances when customers had already bought from the competitor at the time of call because they were not sure they would receive their supplies.*

EADL, in effect, is making it easy for competitors to make inroads into its markets to reduce its market share.

In order to solve this problem, trips must be scheduled and customers made aware of schedules.

The identified distribution channels of the Company are two, viz:-

- *The registered retailers. These are referred to as Agents.*
- *EADL's own route sales.*

Out of sixty (60) registered Retailers (Agents) only 14 - representing 20%, were active as at August 10, 1991, *(Appendix 3)*. A year before, twenty-four (24) Retailers - representing 40%, were active. By active is meant they still retail **EADL**'s products.

Apart from one Retailer, **John Andrew**, Commercial Agencies at Mbale in the Eastern Region, the rest of the 20% sell competing products in addition to **EADL's** products.

It would seem that the selection criteria for the retailers in the past had not been critically formulated. Consequently, wrong judgements were made in choosing the prospective retailers. Table 12e below shows the *Regional Distribution of the Active Retailers.*

TABLE 12e

REGION	**NO. OF ACTIVE RETAILERS**
Central	9
Western	3
Eastern	1
Northern	1
T O T A L	**14**

Following from the above table, it is evident that the sales activities of the active retailers do not cover an appreciable scope of the Ugandan market. Three inferences can be made as follows:-

(i) Since the active retailers sell other competing products, it is likely that the shortfall in the supply of the Company's products is creating opportunities for the sale of competing products by them.

(ii) That the identified inactive retailers have turned away from EADL because of more attractive terms by the competitors and therefore actively engaged in the sale of competing products thereby narrowing the existing share of EADL's product market.

(iii) The competitor will overtake the Company in due course if appropriate steps are not taken now to halt the declining activities of the known active retailers.

In order to salvage the Company from the adverse effects of a declining market caused by over relying on retailers, the following steps are hereby recommended to be followed:-

(i) EADL should shift from relying on retailers to wholesalers who must be appointed from the regions and be given specific areas to operate. The Sales Manager has been assigned to design a questionnaire for this purpose using the guidelines given in Appendix 4(a) and the Application Form for Wholesalers shown in Appendix 4(b).

(ii) Selected wholesalers and existing active retailers alike should be given basic training in record keeping; inventory control; and salesmanship.

(iii) A system for monitoring the performance of wholesalers should be developed. The features of the system envisaged should include:-
a. *test for creditworthiness of wholesalers*
b. *the frequency of ordering and the quantity on each order made*
c. *the test of compliance with directives on sales territories.*

(iv) EADL should support the operations of its wholesalers with advertising and sales promotion.

- **Advertising**

In this connection, it is pertinent to note the following:-
The advertising in support of Kampala wholesalers should include the media of Television, Radio and Newspapers indicating where wholesalers are located and the product mix held by them.

On the otherhand, advertising for upcountry wholesalers should be conducted through the media of Radio and Newspapers, also indicating their locations and the product mix held by them.

- **Promotion**

  As a promotional activity, point of sale advertising should be encouraged throughout the regions. In addition, souvenirs such as pens, calenders, writing pads, etc. should be introduced and distributed to customers through the wholesalers.

12.5. Research

12.5.1. Market research activity, if it is to have any impact on the successful achievement of the objectives of **EADL** in the local market, must be directed to address, among other things, the following:-

1) The needs and preferences of the consumers. In this context, consumer needs include the quality with respect to the strength (i.e. alcohol content) and taste of the drink; their preferences as to packaging of the Waragi and other products of **EADL**.
2) The development of new products like wine.
3) The activities of the local competitors with regard to pricing strategy and distribution efforts.
4) The brands and qualities of competing products, especially, those imported into the country.

12.5.2. Also, for **EADL** to succeed in the export market, research must address the following:-

1) Identify and select target markets for exports.
2) Review the quality and packaging of the main export product - Uganda waragi, gold seal, 75cl.
3) Fix a competitive price.
4) Determine nature of messages and place adverts in target export market.

5) Channel selection and a method of distribution of the product which has the potential of meeting the needs and preferences of channel members and has the prospect of ever remaining as the best alternative supply source.

12.5.3. As part of the review activities of the programme, a critical survey of the local markets served by **EADL** revealed the following:-

* *The low income group of customers prefer* ***EADL's*** *products especially Uganda Waragi. The middle and high income groups also like Waragi but they prefer to buy more of imported products because of quality. The relative low quality of* ***EADL's*** *products compared to imports is leading the middle and high income groups to buy imported products thereby causing* ***EADL*** *to lose that market and revenue.*

12.5.4. Some of the retailers of **EADL** who were interviewed reported about the complaints of some of their customers that Waragi has three "different tastes".

12.5.5. The alleged claim of variable taste by the consumers, should it be allowed to persist without prompt action, can adversely affect the image of the Company. Furthermore, all the gains of the Company through its previous quality control efforts could be eroded.

12.5.6. In the opinion of the Consultants, such derogatory remarks might be the workings of a competitor or a shortfall in quality control efforts. In order to check this, the research activity must be seen to do the following:-

- *devise a way to seal the bottles to prevent the possibility of any product adulteration.*
- *stay abreast with the changing trends in quality and taste preferences of the consumers.*

- *be responsive to the taste preferences of customers to ensure continuity of **EADL** as the market leader in the sale of Waragi products.*

12.5.7. Retailers have observed that, as the price of beer increases, more Waragi is demanded; and that as Waragi price moves up their customers turn to beer and other spirits.

12.5.8. The taste and preferences of the customers being a critical factor in assessing growth in sales either regionally or by brand, it is imperative that timely and appropriate steps are taken to arrest any situation which may lead to a dramatic change in taste or preference and result in a shift in demand from Waragi to a substitute product inspite of Waragi's availability. For example, a shift in demand from Waragi to beer because of price.

12.5.9. The observed erratic consumption pattern of Waragi consumers, no doubt, should be a source of great concern to the Management of **EADL**. There is therefore a need for Management action. To this end, it is recommended that future research activity should be designed to address the situation once and for all.

12.5.10. Even though the low income customers prefer **EADL** products, they complain bitterly about the prices. The unaffordability of the price leads the low income group to switch to cheap products they can afford causing a decline in the market share.

12.5.11. Price is a most important determining factor in the decision of low income group with respect to the purchase of drinks. Even middle income consumers show sensitivity to price increases.

12.5.12. Unless a critical review is made of the price with a view to affordability, the product will forever remain unattractive to the low income consumers who are in the majority inspite of its adjudged relative quality over the illegal Enguli.

12.5.13. It is therefore recommended that the research outfit should undertake a programme which will focus on relationship between cost and affordability of the consuming public.

12.5.14. Retailers complain they do not get the brands they ask for. *(Refer to Appendix 5 for a Summary of Interviews held with a few Retailers by the Consultant).* The unavailability of certain brands can lead to **EADL** losing its market share of even its most popular product. Customers get used to a brand and do budget for it. It is recommended that research activity be directed to find out brand preferences of customers of **EADL** in different market segments.

12.5.15. The retailers complained that the other **EADL** products compared with Waragi do not move fast because they are not known to most customers. The heavy reliance on Waragi will therefore leave the Company vulnerable if anything happens to make customers move away from the consumption of Waragi products.

12.5.16. Poor publicity of the Company and its products resulting only in the greater sale of the best known Waragi and the rather discouraging patronage of the Queen Elizabeth Dry Gin is a condition which ought to have been addressed long ago since its resultant effects naturally creates easy avenues for the competitor to thrive.

12.5.17. The Consultants wish to emphasize that for a product to make an impact, the need for publicity of the Company and its entire range of products as well as advertising and sales promotion cannot be underestimated.

12.5.18. It is therefore recommended that the research function of the Company should undertake programmes which will help to assess the effectiveness of sales promotion undertaken by the Company.

12.5.19. Regional markets display different characteristics. It has been observed by retailers that customers in the Eastern region around the Jinja area always go for the cheapest drinks but in the Central region, around Kampala, people tend to be selective and are ready to pay more for a choice. It is also known that Enguli is distilled and sold more in the Western Region than any other region.

12.5.20. Market segmentation on the basis of income alone is not enough for the local market. Research should be conducted to find other factors for segmenting the market besides income.

12.6. Product Problems

12.6.1. *Problems of Product Mix*

In the Kienbaum and Partner Report, reference was made to the reliance on a single product, Uganda Waragi. This assertion has been confirmed during our review. Table 12f below shows the product mix and the corresponding actual and planned percentages of the total volume produced as at June 1991.

TABLE 12f

PRODUCT	ACTUAL % VOLUME	PLANNED % VOLUME
WARAGI	79.2	70
WHISKY	5.2	10
GIN	10.0	10
BRANDY	5.6	10

SOURCE: EADL'S RECORDS

12.6.2. The Table above shows that, apart from Gin whose actual percentage volume of 10 corresponds with the planned value, the actual production of the other products is not going as planned.

12.6.3. EADL's decisions as to what to produce and how much to produce are made by the Production Manager. Such decisions are not guided by any laid down plans. They are simply based on raw materials availability and on the preferences of the Production Manager.

12.6.4. Abundant evidence has been established to show that the Sales Manager's own recommendation regarding what should be produced, has in the past not been considered at all.

12.6.5. The practice does not consider the market needs. Consequently, customers often do not get what they ask for.

12.6.6. At the time of writing this report, Waragi was available in only 75cl and 15cl while customers were asking for Waragi in 37.5cl and 30cl bottles.

12.6.7. Apart from **EADL** not reaching its planned product percentage goals which is resulting in unbalanced product mix that can create insecurity, the Company is losing sales through product unavailability.

12.6.8. In the medium term period, 1992 to 1996, the Sales Department has set itself the sales objectives as shown in Table 12g below.

TABLE 12g

YEAR	**WARAGI**	**WHISKY**	**GIN**	**BRANDY**
1992	80%	8%	5%	7%
1993	75%	10%	6%	9%
1994	70%	12%	7%	11%
1995	65%	14%	8%	13%
1996	60%	16%	9%	15%

12.6.9. These objectives have been set to correct the known unbalanced product mix. During the Plan Period 1992 to 1996, Waragi's percentage share of the total volume of sales is to be decreased by 5% each year beginning 1992. Whisky and Brandy are to be increased by 2% respectively each year and Gin is to be increased by 1% each year.

12.7. Product Differentiation

12.7.1. **EADL** groups its existing and potential markets as follows:-

- *the low income market,*
- *the middle income market and*
- *the high income market/export market.*

12.7.2. The low income group has the largest potential. It exists in both the city/urban dwellers as well as in the upcountry rural dwellers.

12.7.3. The market that existed in this low income group has been lost to Enguli because of **EADL's** high prices. Enguli which is a raw material for Waragi production costs 300 USh per unit of 30cl whereas Waragi costs 2,750 USh per unit of 75cl.

12.7.4. The way Enguli is packaged for sale also helps to keep its price low. It is served in tots and consumed at the point of sale, or buyers have to provide their own bottles to take it away to be consumed in their own privacy.

12.7.5. Despite a law banning its consumption, Enguli is now served in some hotels owned by the government. This is happening because of Enguli's relatively low price. The packaging cost makes a great deal of difference in the final price of the product.

12.7.6. In a desperate attempt to compete and recapture the market lost to Enguli, **EADL** introduced Totapak but it failed. The main cause of the failure is the cost of packaging and the resultant price of the finished product. For example, 3.6cl of Totapak of Waragi is retailed at 250 USh whereas 30cl of Enguli costs 300 USh.

12.7.7. As a strategy to recapture the market, it is considered more competitive to present the product to the final consumers in a similar but improved manner as Enguli is presented to the low income groups.

12.7.8. The Consultants therefore recommend the introduction of a new Waragi product with a higher alcohol content. The level of alcohol in the new product is to be determined after appropriate taste tests in target markets throughout the country.

12.7.9. The packaging of this product will exclude the use of bottles. It will, instead, be served in bigger returnable containers. The production Manager is already making a search to find the appropriate design of the container to be used.

12.7.10. This product is to be produced in addition to the 5 new brands **EADL** has announced it will introduce in 1992, namely, Farikok, Banana Flavoured Rum Banana Liquor, Ginger Flavoured Rum and Banana Waragi.

12.8. Pricing Problems

12.8.1. Prices of **EADL's** finished products are set by the Chief Accountant with the help of the Production Manager. The price of a finished product is determined as follows:-

PRICE = Production Cost + Other Fixed Overheads + Margin + 30% Sales Tax + 30% Excise Duty.

12.8.2. Even though the other fixed overheads include distribution and sales costs, the Sales Manager plays no role in setting the price. Consequently, the prices they set do not take cognizance of any strategic sales objective of **EADL** save profits.

12.8.3. Inspite of **EADL's** corporate mission to provide the population with affordable and high quality alcoholic beverages in order to get the consuming public to stay away from Enguli, and another of its objectives is to capture a greater share of the market for spirits, customers are seriously complaining that its prices are unaffordable as was made evident in our interviews. Appendix 5 summarises the outcome of the interviews.

12.8.4. Table 12h below shows the unit price of Waragi, **EADL's** most popular drink, in comparison with the unit price of Enguli, its most formidable competitor.

TABLE 12h

ITEM	**UNIT**	**AVERAGE PRICE**
ENGULI	300ml	300 USh
WARAGI	750ml	2,750 USh

12.8.5. The price of a unit of Waragi is more than 3 times the unit price of Enguli.

12.8.6. **EADL** recently introduced a trade discount policy. Under this policy, customers who buy more than 80 cartons in a month get a cash refund of 300 USh on every additional carton purchased. In the month of August 1991 alone, the Company accumulated well over 450,000 USh to be refunded in cash to the customers who earned it.

12.8.7. While trade discounts help to promote sales, the procedure that has been adopted by **EADL** has adverse effects on the Company's already poor liquidity position. It should therefore be discontinued forthwith.

12.8.8. **EADL** is at present in dire need of cash. It is therefore not prudent to give cash back to customers. The refund should instead be given in kind. This will help achieve two objectives, at least:-

- *boost sales*
- *put more of **EADL's** products on the market to help promote the products.*

12.8.9. In the view of the Consultants, the percentage discount and the number of cartons beyond which this percentage will apply should not be arbitrarily selected. The agreed number of cartons should always be a function of circumstances that should make economic sense. In other words, the maximum quantity that forms the basis for a discount should reflect demand from period to period so as to serve as an effective inducement to sales and the ultimate profit optimization under varying circumstances.

12.8.10. The agreed percentage should be determined by the Sales Department in consultation with the Accounting Department and must be approved by the General Manager.

12.8.11. In the light of the foregoing, the Consultants highly recommend the following:-

- *the principle of discount payment is in order and must be continued,*
- *present procedure of cash payment be replaced by payment in kind,*
- *under no circumstance should pricing of a product be determined without the involvement of the marketing and sales personnel,*

- *the Chief Accountant should perform an advisory role as far as price fixing is concerned,*
- *it should be the responsibility of the General Manager to approve of the final price.*

12.9. Export Policies

12.9.1. At the time when **EADL** was exporting its surplus products, it was doing so without a short or long term export drive or any initiative, which would secure penetration of **EADL** products into the competitive world market.

12.9.2. During the medium term period, 1992 -1996, a short term strategy, at least, must be put in place.

12.9.3. The cherished objective for this second effort of re-entering the export market is to generate foreign exchange to finance imported input requirements. It is therefore imperative that appropriate strategies are formulated with a view to achieving this objective on a long term basis.

12.9.4. This strategy should be devoid of all dogmas. All that is needed is that the product gets into the export markets and that it generates revenues for **EADL**.

12.9.5. Packaging is a relevant component of a product but it need not be made a rigid deciding factor in achieving a particular marketing objective as **EADL's** Management once believed.

12.9.6. It has been noted that in **EADL's** first attempt to export no definite objective was defined to guide the business. Consequently, the Company did not see the opportunity to earn hard currency in an offer by an importer requesting the drinks in barrels instead of bottles.

12.9.7. The justification for the lack of appreciation for this opportunity had been attributed to the needless attachment to image. **EADL** wanted to export in their own bottles and cartons even though the overseas customer preferred barrels.

12.9.8. A cardinal principle which was overlooked here was the concept of placing the customer above all. In the view of the Consultant, what happened was due to lack of marketing direction and should never be allowed to reoccur.

12.9.9. On the otherhand, the long term objective of **EADL** should be packaging the product to compete in the foreign markets. Other relevant considerations will be product differentiation and quality essential for overseas markets; terms and conditions of sale bearing in mind tariffs in foreign countries.

12.9.10. In the light of the foregoing, the Consultants wish to recommend as follows:-

- *That as a short term measure, export of the finished product should be made in accordance with customers preferred packaging at prices which will facilitate penetration of export markets.*

- *Exports should, in the long term, aim at improving the Company's image.*

CHAPTER 13.0. SYSTEMS IMPLEMENTATION

13.0. SYSTEMS IMPLEMENTATION

13.1. Managing the Sales Force

13.1.1. *Forecasting Sales*

Prior to the departure of the Consultant, the Sales Manager had commenced the preparation of weekly, monthly and quarterly sales forecasts.

13.1.2. *Daily Sales Summary*

After becoming aware of the usefulness of the daily sales summary, the Sales Manager now insists on his copies daily.

13.2. Product Innovation

13.2.1. The concept of product innovation was accepted in principle but implementation action could not be completed before the departure of the Consultant on the 16th of August.

13.3. Research

13.3.1. The necessity for the establishment of the research outfit as per **IMAS** recommendation in the corporate plan was fully discussed and appreciated by the Management of **EADL**. The appointment of a qualified Research Officer capable of carrying out the recommended research programme was however not effected before Consultant's departure on the 16th of August.

APPENDIX 1

SALES PROCEDURE NARRATIVES

STEP	RESPONSIBILITY	ACTION	NARRATION
1	Sales Manager	Completes	Sales Chit
	- do -	Delivers	Sales Chit to Buyer
2	Buyer	Takes	Sales Chit to Sales Assistant
3	Sales Assistant	Receives	Sales Chit
	- do -	Prepares	Sales Invoice (triplicate) for Buyer
4	Buyer	Receives	Sales Invoice
	- do -	Submits	to Cashier for Payments
5	Cashier	Receives	Sales Invoice & Cash
	- do -	Prepares	Cash Receipt
	- do -	Evidences	Receipt of Cash on Invoice
	- do -	Releases	Receipted Invoice to Buyer
6	Buyer	Receives	Receipted Invoice from Cashier
	- do -	Sends	Invoice to Sales Assistant
7	Sales Assistant	Receives	Receipted Invoice from Buyer
	- do -	Accompanies	Buyer with Sales Invoice to Sales Mgr. for Signature
8	Sales Manager	Receives	Sales Invoice
	- do -	Signs	Sales Invoice
9	Sales Assistant	Sends	Sales Invoice to Internal Auditor for Vetting
10	Internal Auditor	Receives	Sales Invoice
	- do -	Vets	Sales Invoice for Accuracy and Authenticity
11	Sales Assistant	Sends	Vetted Sales Invoice to Storekeeper
12	Storekeeper	Receives	Vetted Sales Invoice
	- do -	Prepares	Goods Delivery Note to Buyer
	- do -	Releases	Goods

APPENDIX 2

RECOMMENDED SALES PROCEDURE NARRATIVE

STEP	RESPONSIBILITY	ACTION	NARRATION
1	Sales Assistant	Prepares	Sales Invoice in Triplicate according to customer's written or oral purchase request
2	Sales Assistant	Submits	Prepared Sales Invoice to Sales Manager for Authorization
3	Sales Manager	Receives	Sales Invoices
		Checks	Same
		Signs	Same
4	Sales Manager	Releases	Signed Sales Invoices to Cashier
5	Cashier	Receives	Signed Sales Invoices
		Collects	Cash from Customer according to the stated Invoice amount
		Prepares	Official Receipt
		Marks	Official Receipt on the Invoice
		Releases	Invoice and Receipt to Customer
6	Customer	Receives/ Presents	Invoice and Receipt to Storekeeper for Supply
7	Storekeeper	Supplies	Goods
		Prepares	Waybill

APPENDIX 3

APPROVED LIST OF PRINCIPAL APPOINTED AGENTS OF EAST AFRICAN DISTILLERIES LTD. AS AT 10/08/90

KAMPALA DISTRICT

* 1. Rapid Enterprises
Plot II Luwum Street

* 2. Upesi Enterprises
Nkrumah Road

* 3. Sharba Transporters
Located at Kikubo

4. S.M.S. Estates
Located near Equitorial Hotel

5. Trans Action Inc. Ltd.
Parliamentary Avenue

6. Mukankusi and Co.
South Street

* 7. Katara Enterprises

* 8. Jane Kazungu
C/O Buyungo and Sons

Josephine Kantengwa

9. Kalisa Bar
Located at Namirembe Rd.

EAST KAMPALA

*	1.	Mwizi Trading Company	-	Luzira
	2.	Kayonza Tukore	-	Luzira
	3.	Kashaka Enterprises	-	Kamwokya
	4.	Safi Club	-	Kamwokya
*	5.	Kigyegye Enterprises	-	Ntinda
	6.	Biguli Traders	-	Naggulu

APPENDIX 3 CONTD..

WEST KAMPALA

1.	Citizen Trading Stores	-	Wandegeya
2.	P.J.K. Enterprises	-	Wandegeya
3.	Gastavas Bamuyidi	-	Menge
4.	Karuka Enterprises	-	Old Kampala
5.	High Life	-	Old Kampala
6.	Kampala Distributors	-	Bwayise

SOUTH KAMPALA

*	1.	Kigonya General Agency		
	2.	A.B. Vintners (EA)	-	Najjanakumbi
	3.	Samanyo Limited	-	Makindye
	4.	Cigeno Enterprises		
	5.	Plaza Stores		

MPIGI DISTRICT

1.	Nalubega and Sons	-	Entebbe
2.	Rossy Grocery	-	Entebbe
3.	M/S Simbros Limited	-	Entebbe
4.	Sebugwawo Maize Mill	-	Nkumba

.... DISTRICT

MASAKA DISTRICT

1.	Centenary Pub	-	Nyendo
2.	Honest Traders	-	Lukaya
3.	Selu and Co. Limited	-	Kalisizo

MUBENDE DISTRICT

1. Mityana Distributors
2. To Date Projects

KALANGALA DISTRICT

1.	Tusubira General Agency	-	Sese

APPENDIX 3 CONTD..

JINJA DISTRICT

* 1. Bavima Enterprises
2. F & F Agencies
* 3. D.L. Dharia
4. Modern General Retailers - Kayunga

IGANGA DISTRICT

1. Joan Isabirye & Maganda Fabia
2. Silver Star Emporium

TORORO DISTRICT

1. Musinguzi & Sons
* 2. J.B. Taana

MBALE DISTRICT

1. Mabugu General Stores
* 2. John & Andres Commercial Agencies

WESTERN UGANDA

MBARARA DISTRICT

1. Tukundane Trading Stores
2. Godfrey & Family Enterprises
3. Rose Twinomujuni & Family
4. Sam Muguta

BUSHYENYI DISTRICT

1. Joram Karukwitasha
2. Western United Farmers
3. J.J. Kabushu & Co.

RUKUNGIRI DISTRICT

1. Rukungiri General Stores Ltd.
2. Karibuni Motel

KABALE DISTRICT

1. M/S World Neighbours Stores
2. Musinguzi Associates
3. Sunset Emporium (U) Ltd.
* 4. Manzextra (U) Ltd.
* 5. Charles Bekunda

* *Active Agents as at August 1991*

APPENDIX 4(a)

GUIDELINES FOR THE SELECTION OF WHOLESALERS

A) The selection can be made from any of the following two categories or a combination of the two:-

- *The list of already selected retailers referred to as Agents by EADL.*
- *Entirely new prospects including distillers of Enguli. (A list can be obtained from the chamber of commerce).*

B) Questionnaire must provide information including the following:

- *Is the prospect successfully selling products of EADL's type?*
- *To people EADL wants to reach?*
- *What other lines does the prospect handle?*
- *How long has he done so?*

C) Contact potentials to interview personally and complete the questionnaire.

D) From those who qualify select a few to try them for a time.

E) Train them.

F) If successful, expand to other regions or districts to cover all Uganda.

APPENDIX 4(b)

APPLICATION FORMS FOR COMPANY WHOLESALERS

DATE: ....

1. Name of Applicant ....
2. Address ....
3. Location of Business Premises ....
4. Registration Certificate No. ....
5. Registered Owners of Business or Directors of the Company
   a) .... P.O. Box ....
   b) .... P.O. Box ....
   c) .... P.O. Box ....
   d) .... P.O. Box ....
6. Nature of Business ....
7. Registration Nos. of the Following:-
   a) Trading Licence ....
   b) Income Tax Clearance ....
   c) Liquor Licence ....
8. Expected Number of Customers within your area of Intended Operation ....
9. Amount of Capital Available for Agency Business
   ....
10. Names of your Bankers:
   a) ....
   b) ....
   c) ....

APPENDIX 4(b) CONTD..

11. Number of Vehicles: ....
    Type/Tonnage and Reg. No. ....
12. What Company Products do you wish to Distribute?
    ....
13. Have you been Dealing in this/these Product/s before? ......
14. Who have been your main Customers?

	Name of Customers	Purchasing Power of Cartons
a)	....	....
b)	....	....
c)	....	....
d)	....	....

15. Which other Products do you deal in?

	Product	Source
a)	....	....
b)	....	....
c)	....	....

16. What is the Size of your Sales Force?
    ....
17. Is it possible for you to secure a Bank Financial Guarantee in favour of East African Distilleries Ltd., covering the cost of 200 Cartons approximately 6 million to enable top Management consider you for credit facilities lasting 10 - 30 days?
    ....
18. Recommendations:-
    i) I recommend/do not recommend the above named Businessman/woman to be appointed Agent for your Product in this area.

       Stamp & Signatures

       Trade Development Officer

       Date: ....

ii) I recommend/do not recommend the above named Businessman/woman to be appointed Agent for your Product in this area.

Stamp & Signatures

District Administrator

Date: ....

19. Departmental Official Stamp ....

Application successful/unsuccessful

Signed by ....

Sales Manager

20. Forwarded for Approvel by General Manager's Office.

Signed by ....

General Manager

APPENDIX 5

SUMMARY OF OUTCOME OF INTERVIEWS WITH SOME RETAILERS

A: UPESI ENTERPRISE:

- Waragi is the fastest moving because taste is adopted.
- Get price down a little because of vodka. There is 500 Ush price difference per carton.
- The peak periods are November, December, January and the mid of April.
- Of the brands, 75cl is the fastest moving.
- In June to September, people do not have money.
- Gin price is alright but you can go down a bit.
- People are used to Gilbey's than Queen Elizabeth so do something about the price.
- Waragi is a drink for upper, middle and low income classes. The poor class will buy only when the price is right. Don't lose that market.
- If beer becomes expensive, people turn to Waragi. But if the price of Waragi is high, people turn to beer and other spirits.
- Mr. Matovu is the man who is making the sales difference.
- Jinja people are always going for the cheapest drinks.
- In Kampala people are selective. They will pay more for what they want.
- Totapak is very unhygienically packed.
- Imported whisky prices are very high compared to EADL'S whisky.
- 7 Hills is your competitor
- your deliveries are good
- Please stop selling one case at the factory

APPENDIX 5 CONTD..

B: RAPID ENTERPRISE

- Ever since Mr. Matovu came in, things have changed.
- Waragi is the fastest moving.
- 75cl is the most popular.
- We need 37.5cl but we do not get.
- The market at this time of the year prefers the quarters.
- Queen Elizabeth is the slowest moving. I think people do not know its taste.
- 3 Base Dry Gin was a competitor of Waragi but it is being phased out because of its price.
- People complain of variable taste of Waragi.
- Kenya is ready for Uganda Waragi.
- May be the name has to change before you can export.
- Do not compete with us (ie do not retail).
- Go wholesale and help us with advertisements and sales promotions.
- I am avoiding 15cl because I do not want to see boys in my shop. Middle and upper income people buy from us.
- Price is not really a problem because Waragi has the name.

C: JANE KAZUNGU

- Prices are not right. We used to sell 20 cartons a day. Now only one or two.
- 75cl is the fastest moving.
- Preferably they will go for 15cl but when they retail the 75cl they get 5000 Ush.
- Whisky sell but they are expensive down it will move faster.
- Wine will also sell.

CONTACT US AT:
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P.O.BOX 8892, ACCRA-NORTH: GHANA
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GOVERNMENT OF THE REPUBLIC
OF UGANDA

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AND

LAKE VICTORIA BOTTLING COMPANY LIMITED (LVBC)

VOLUME II

PREPARED BY : INDUSTRIAL AND MANAGEMENT SERVICES LIMITED (IMAS)

IMAS

SEPTEMBER, 1991

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EAST AFRICAN DISTILLERIES LIMITED
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LAKE VICTORIA BOTTLING COMPANY LIMITED

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CHAPTER 14.0. INTRODUCTION

SITUATION IN LVBC IMMEDIATELY PRIOR TO TECHNICAL ASSISTANCE PROGRAMME BY IMAS

14.0. INTRODUCTION

14.1. Background

14.1.1. The **Lake Victoria Bottling Company Limited** *(LVBC)* was established in 1950 as a franchise Company, under the auspices of Pepsi Cola International.

14.1.2. Due to the Company having been nationalized in 1972, 98% of its shares are owned by the Government of Uganda whilst 2% of the shares are privately owned.

14.1.3. Prior to the **IMAS** Technical Assistance Programme in August, 1991, the Company was producing four soft drinks for the local market with the following product-mix.

Product	**% of Total Production (Jan. - June, 1991)**
Pepsi Cola	54.0%
Mirinda (Orange)	37.0%
Teem (Lemon)	8.3%
Evervess (Tonic and Soda)	0.1%
T O T A L	**100.0%**

14.1.4. A Management Audit of the Company was undertaken by a German Firm of Consultants M/s Kienbaum and Partner in October 1990.

14.1.5. Following submission of the Management Audit Report, the **Industrial and Management Services Limited** *(IMAS)* was awarded a contract to offer technical assistance to the Company.

14.1.6. This Final Report is therefore the culmination of interviews and technical assistance by Consultants from **IMAS** in August and September 1991, which covered the General Manager as well as all Heads of Department of **Lake Victoria Bottling Company Limited.**

14.1.7. The main aim of the interviews and technical assistance were to assess the situation in the Company relative to the recommendations made in the Management Audit Report and to guide the Company to implement them.

14.2. Production and Related Activities

14.2.1. During the Management Audit of the Company, capacity utilization was observed to be low averaging 24% of installed capacity in 1989 *(with reference to an installed capacity of 7.5 million crates per year)* and 28% in 1990.[1]

14.2.2. As at the end of June 1991, capacity utilization during the period 1st January 1991 to 30th June, 1991 averaged 29% of installed capacity.

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[1] *If reference is made to a practical capacity of 4.4 million cases per year, then these figures will be 43.2% in 1989 and 48.4% in 1990 in terms of capacity utilization.*

14.2.3. It was therefore obvious that urgent measures needed to be taken to remove bottlenecks in the production process as well as minimize the impact of unfavourable external factors on the Company's operations, if capacity utilization was to be increased to about 55% by 1996.

14.2.4. The main problems constraining an increase in capacity utilization, in the past, were identified as shortage of raw materials, bottles, fuel, water and electricity supply. The acquisition of a diesel-powered generator in January 1990 however, solved the problem of unreliable electricity supplies.

14.2.5. Most of the problems facing the Production Department of the Company could therefore be attributed to a shortage of foreign exchange or the delays in acquiring foreign exchange to purchase raw materials and spare parts.

14.2.6. With capacity utilization *(based on production from January 1991 to June 1991)* averaging 29%, it was likely that if the trend for the period January 1991 to June 1991 continued during the rest of 1991, then capacity utilization for the whole year was likely to average 29% or, possibly, even lower.

14.2.7. The reduction in taxes on soft drinks to 55.9% of the ex-factory price in the 1991 National Budget was expected to help to boost sales since it was expected to result in a reduction of retail prices.

However, if production bottlenecks were not removed, then, the Company would not be able to take advantage of the reduction in taxes to boost sales due to insufficient production of soft drinks.

14.2.8. At the time of the **IMAS** preliminary survey in June 1991, for example, there was no production due to shortage of concentrates.

14.2.9. Main investments that were required immediately to improve the general condition of the production line and to also enhance capacity utilization were estimated to total US $350,000.00.

14.2.10. The breakdown of this figure was as follows:-

-	Sugar Dissolving Heat Exchanger	- US $ 30,000.00
-	Filler Centering Bell	- US $ 50,000.00
-	Mechanization of Crating & Decrating	- US $100,000.00
-	Forklifts - 2	- US $ 50,000.00
-	CO2 Truck (1)	- US $120,000.00
	T O T A L	- US $350,000.00

14.2.11. In the Company's 1991 budget, projected capital expenditure totalled US $856,000.00 *(1 US$ equivalent to 700 USh)* to be mainly spent on Vehicles *(US$444,234)* Forklifts *(US $26,286)*, Computers *(US$78,857)* and Office/ Factory building repairs and extensions.

14.2.12. Apart from the two forklifts and a CO2 truck trailer that had been provided for in the Company's 1991 budget, none of the remaining investments, which were immediately required had been provided for in the budget.

14.2.13. Necessary provision therefore had to be made in subsequent budgets of the Company for these investments. Based upon the level of total investment recommended in the Management Audit Report *(ie. US$1,575,000.00)*, it was clear that a significant level of capital expenditure would still be required when the Company's financial position improved.

14.3. Finance and Accounting

14.3.1. At the time of the Management Audit Report, the Accounts Department of **LVBC** was undermanned as a result of the dismissal of a number of Accounts Department personnel following serious cases of fraud in 1989.

14.3.2. During the **IMAS** survey however, it was observed that almost all the discharged personnel had been replaced and this had resulted in a significant clearing of the backlog of work in the Department.

14.3.3. Inspite of the significant improvement however, the Company's accounts were still not up-to-date with the draft final accounts for the year ended 30th June, 1990 still unaudited as at the time of the **IMAS** survey.

14.3.4. A preliminary review of the situation indicated that poorly trained personnel and lack of adequate knowledge of sound accounting principles, in some cases, often led to errors in the underlying accounts which made it necessary for time to be wasted trying to find and correct these errors.

14.3.5. The Consultants therefore assisted the Department to identify suitable external training courses for staff to attend and gave necessary on-the-job training to staff.

14.3.6. A Chart of Accounts prepared by **PIES** in 1989 and given to the Company as part of the drive to standardize reporting by all Public Industrial Enterprises was observed not be in use by **LVBC** due, reportedly, to the fact that it was *"not practicable"*. The Consultants therefore assisted the Company to introduce a revised Chart of Accounts prepared by **PIES** in 1991.

14.3.7. Furthermore, the Accounts Department was assisted to use the revised Chart of Accounts effectively and efficiently.

14.3.8. Even though the system of budgeting was found to be satisfactory, significant improvements in the approach to budgeting *(ie. budget preparation and monitoring)* by the Company had to be made. It was observed that even though variances from budgeted targets were explained as being either favourable or unfavourable, inadequate reasons were assigned for such variances and, more importantly, no details of follow-up action to avoid unfavourable variances, in future, were given.

14.3.9. The reporting system in the Company was also found to be inadequate as reports were not submitted on time and generally lacked information to facilitate proper control of the Company's operations.

14.3.10. The Consultants therefore assisted the Company to introduce an integrated planning, budgeting, costing, reporting and controlling system.

14.3.11. With regard to costing, it was observed that the costing done by the Company was mainly used for product costing purposes without its use being extended to cover control of costs per cost centre.

14.3.12. Since no cost centres had been set up in the Company for costing and control purposes, the Consultants assisted the Company to introduce cost centres covering all appropriate facets of the Company's operations and also assisted with the accumulation and absorption of costs to these centres.

14.3.13. In addition, the Consultants assisted staff of the Company to analyze operational results with a view to minimizing cost in all cost centres and taking necessary action to reverse cost overruns in subsequent periods.

14.3.14. Since the number of staff in the Accounts Department was considered adequate, the Consultants assisted staff in the department to bring their books up-to-date and thereafter helped with the setting up of time limits for the submission of various accounting repots, which were to be scheduled for submission on daily, weekly, montnly, quarterly and on annual basis depending on the type of report.

14.3.15. In rendering the technical assistance spelt out above, the Consultants built on progress already made by **PIES**, such as, in the area of introduction of a suitable Chart of Accounts.

14.3.16. When fully operational, it was expected that the following cost centres and sub-cost centres would be set up.

	Cost Centre	Sub-cost Centre
1)	Production and Related Activities	. Procurement . Bottle Washing . Syrup Room . Water Treatment Room . Boiler . Filler . Quality Control (including Laboratory)
2)	Maintenance	. Lubricants . Workshop . Transport . Estate
3)	Personnel	. Administration
4)	Finance and Accounting	
5)	Marketing and Sales	. Depots . Agents . Routes etc.

14.3.17. It was observed that the Company had provided US $60,000 in its 1991 budget to acquire suitable computer hardware and software.

14.3.18. The introduction of computers was expected to greatly assist with the development of the integrated planning, budgeting, costing, reporting and controlling system that was envisaged.

14.3.19. The Consultants therefore assisted staff of **LVBC** to become familiar with a manual system of accounting, based upon codes developed by **PIES** in its revised Chart of Accounts, and thereby facilitated the switch over to a computerized system at an appropriate time in the future.

14.3.20. The Consultants also assisted the Company to identify personnel who could be trained to use computers and offered advice on the type of training required by such personnel in order to ensure a smooth transition to a computerized accounting and reporting system.

14.4. Marketing and Sales

14.4.1. During the Consultants survey of this Department, it was observed that the problem of understaffing which was identified at the time of the management audit had been solved with the appointment of a Marketing Manager and a Marketing Officer.

14.4.2. However, the department needed further strengthening in the areas of Market Research, Sales Planning, Sales Controlling and Sales Execution.

14.4.3. Considering the results that had been achieved by the Senior Sales Supervisor in supervising the work of Salesmen, under the overall direction of the Marketing Manager, it was considered that an area which required immediate strengthening was in Market Research.

14.4.4. Towards this end, the appointment of a suitably qualified and experienced Officer to undertake market research was recommended.

14.4.5. The recent appointment of à Statistical Clerk to compile basic market data was a step in the right direction but was not considered enough in view of the market research activities which were necessary. The Consultants therefore assisted the Company with the preparation of a job description for the person to be appointed to fill the position of Market Research Officer.

14.4.6. Prior to the appointment of suitable person however, the Consultants assisted the Marketing Manager and the Statistical Clerk to undertake an in-depth study and analysis of the Uganda soft drinks market with a view to making projections about demand for soft drinks, competition, marketing channels, product mix, regional differentiation of products, channel mix, pricing and market segments.

14.4.7. During the Consultants survey, it also became apparent that control over sales of the Company's own depots was proving to be very difficult.

14.4.8. The Consultants therefore assisted the Management of **LVBC** to study the problems and recommended solutions to them.

14.4.9. In view of the increasingly competitive market situation, the Consultants assisted the Marketing and Sales Department of **LVBC** to draw up a comprehensive marketing programme under which planning, forecasting, budgeting and reporting were to be routinely done to facilitate sales controlling and thereby help to achieve the Company's marketing goals.

14.5. Human Resources Management

14.5.1. **LVBC** employed 446 staff made up of 251 group employees, 57 senior staff and 138 temporary workers at the time of the **IMAS** survey.

14.5.2. Considering the low capacity utilization of about 29% at the time of the **IMAS** survey, the number of staff was considered to be on the high side.

14.5.3. Inspite however, of the recommended strategy of increasing the Company's capacity utilization from the present 29% of installed capacity to about 55% by the end of 1996, a limited staff redundancy exercise was recommended.

14.5.4. Furthermore, a policy of recruiting and laying-off temporary workers, depending on the level of production at any particular time was recommended by the Consultants as a means of cutting down staff costs. The Consultants also assisted **LVBC** to find other ways of reducing its staff costs.

14.5.5. The levels of remuneration *(basic wages/salaries and benefits)* were found to be fairly adequate. However, lack of an effective performance appraisal system was found to be a contributory factor to low productivity as staff could not link productivity increases to any positive reinforcement by way of increases in remuneration.

14.5.6. The Consultants therefore assisted the Company to develop an objective personnel performance evaluation system that would provide an objective basis for reviewing staff remuneration levels depending on standards of performance.

14.5.7. In order to get the best personnel recruited into the Company, an objective personnel recruitment procedure was designed for the Company and introduced with the assistance of the Consultants.

14.5.8. The Consultants found during their survey of **LVBC** that lack of a systematic manpower development programme under which staff received structured training, was one of the main causes of low productivity in the Company.

14.5.9. It was therefore agreed with the Management of **LVBC** that the Consultants would assist **LVBC** to prepare a comprehensive and structured training programme to cover carefully selected staff of the Company in order to ensure their proper development in accordance with the Company's goals.

14.5.10. Finally, it was also agreed with the Management of **LVBC** that an Organization Chart should be prepared for the Company incorporating the proposed re-organization of the Marketing Department.

14.5.11. In addition, the Consultants assisted **LVBC** to prepare job descriptions for all first and second line management positions together with man-specifications.

14.6. Strategy and Corporate Planning

14.6.1. It was observed during the **IMAS** survey that **LVBC** had no previous experience with the preparation of Corporate Plans.

14.6.2. It was therefore agreed that the Consultant's Corporate Planning Specialist should assist the Management of **LVBC** to draw up a Corporate Plan for the period 1992 to 1996.

14.6.3. The Consultants ensured that all relevant staff of **LVBC** participated in one form or another in the preparation of the Corporate Plan in order that such staff would feel as being part of the planning process. It was hoped that this approach would lead to employees being made aware of elements of the Company's basic strategy as well as the Corporate Mission and Corporate Vision of **LVBC**.

14.7. Internal Audit

14.7.1. Just before the Management Audit of LVBC in 1990, a number of fraud cases had resulted in the dismissal of some staff.

14.7.2. Since the cases of fraud were made possible by weaknesses in the internal control systems of the Company, the Consultants assisted the Company's Internal Auditor to develop comprehensive internal control questionnaires to assist him to evaluate all present procedures/systems and remove any weaknesses in them.

14.7.3. The Consultants emphasized to the Management of LVBC that work of the Internal Auditor was not only to be limited to the traditional role of pre- and post-auditing of transactions but should also cover such matters as regular review of management systems and procedures as well as ensuring prompt submission of management information reports by all officers of the Company.

14.8. Future Strategy

14.8.1. With the foregoing points in mind, the Consultants agreed with the Management of LVBC that the future strategy of LVBC was to be composed of the following elements.

- Introducing an aggressive marketing and sales orientation in the Company by strengthening the Marketing Department to undertake a comprehensive marketing programme covering sales, distribution, promotion/advertising and manufacturing of high quality products based on conclusions reached from sound market research and forecasting.

- Increasing capacity utilization to 53.7% of installed capacity by the end of 1997.
- Securing adequate working capital and planning for more effective and efficient management of the Company's working capital through introducing daily, weekly, monthly, quarterly and annual cash budgeting.
- Improving upon present levels of quality control.
- Increasing productivity through introducing comprehensive and structured staff training programmes, objective staff recruitment programmes, productivity based incentive/remuneration schemes and objective staff performance evaluation.
- Establishing an effective management information system which would be backed by an adequate planning, budgeting, costing, reporting and controlling system. Under such a system, costs would be broken down into fixed and variable costs as well as controllable and non-controllable costs, which would be allocated to responsibility centers in the Company for effective controlling and steering of its operations.

14.8.2. The general thrust of the **IMAS** Technical assistance was therefore towards assisting **LVBC** to achieve its objectives as derived from elements of the basic strategy stated above.

14.9. Programmes Followed By IMAS Consultants

14.9.1. With a view to assisting staff of **Lake Victoria Bottling Company Limited** to achieve the various elements of the basic strategy outlined in 14.8. above, the three Consultants of **IMAS** followed the programmes shown on the next three pages.

TABLE 14a

PROGRAMME FOLLOWED BY MANAGEMENT STRATEGY AND CORPORATE PLANNING SPECIALIST - 19TH AUGUST, 1991 TO 11TH SEPTEMBER, 1991

ACTIVITY	DURATION (CONSULTANT DAYS) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Organise one-day workshop to educate General Manager and all Heads of Department on THE CORPORATE PLANNING PROCESS including SWOT analysis. - Agree on Corporate Mission Statement - Agree on Corporate Vision Statement - Agree on elements of basic strategy and other strategies deriving therefrom - Agree on corporate objectives - Agree on departmental objectives - Coordination to define an integrated system of objectives	■																	
2. Assist Production Dept. to prepare Departmental Plan		■																
3. Assist Marktg. and Sales Dept. to prepare Dept. Plan			■															
4. Assist Accounts and Finance Department to prepare Departmental Plan				■														
5. Assist Personnel Dept. to prepare Departmental Plan					■													
6. Assist Internal Audit Dept. to prepare Dept. Plan						■												
7. Organise one-day workshop to coordinate and agree on Departmental plans and explain monitoring and evaluation of performance in terms of planned targets							■											
8. Supervise preparation of Corporate Plan document								■	■									
9. Arrange and facilitate approval of plan and adoption of plan by Management										■								
10. Prepare and discuss with General Manager revised organisation structure											■							
11. Prepare job descriptions and specifications for General Manager, all Heads of Department, second and third level senior staff including Sectional Heads												■	■	■				
12. Assist with preparation of revised staff performance appraisal forms and review appraisal process															■			
13. Assist with preparation of Personnel Dev. Programme (training and manpower dev. programme) for all Depts.																■	■	
14. Assist with review of staff recruitment procedures																		■
15. Coordinate work of two specialists in Marktg./Sales & Finance/Acctg. as well as writing of Draft Final Report	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

TABLE 14b

PROGRAMME FOLLOWED BY FINANCE AND ACCOUNTING SPECIALIST - 19TH AUGUST, 1991 TO 13TH SEPTEMBER, 1991

ACTIVITY	DURATION (CONSULTANT DAYS) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. Review all Company operations and recommend areas of possible cost reductions	■																			
2. Plan and assist with development of integrated planning, budgeting, costing, reporting and controlling management system using PIES Financial and Costing Manuals as basis.		■	■	■																
3. Detailed Budgeting Development					■															
4. Detailed Costing System Development						■	■													
5. Detailed Reporting System Development								■	■											
6. Detailed Controlling System Development										■										
7. Assist with trial runs of Budgeting, Costing Reporting and Controlling Systems											■									
8. Assist with Development and Implementation of Financial Planning Systems												■								
9. Assist with Development and Implementation of a Liquidity Control System													■							
10. Assist together with PIES with extension of computerisation to cover integrated Planning, Budgeting, Costing, Reporting and Controlling Systems														■						
11. Monitor and assist with implementation of overall system															■	■	■	■		
12. Write, submit and discuss Draft Final Report on overall assignment	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

TABLE 14c

PROGRAMME FOLLOWED BY MARKETING/SALES SPECIALIST - 19TH AUGUST, 1991 TO 13TH SEPTEMBER, 1991

ACTIVITY	DURATION (CONSULTANT DAYS)																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. Introduce new Marketing Concepts and Strategies	■																			
2. Forecasting of markets (existing and potential)		■																		
3. Introduction of Marketing Research Concepts and explanation of relevance to Company			■																	
4. Reorganization of Department into Marketing and Sales Sections				■																
5. Assist with setting of Sales Targets					■															
6. Training of selected Sales Personnel on-the-job						■	■													
7. Review and assist Company with Pricing Policy								■												
8. Establishment of a Reporting and Controlling System, by product, market segment and channel of distribution									■											
9. Assist with Review of physical distribution system, control of Depots and review/assist with improvement of promotion and advertising										■										
10. Review and assist with transportation of products											■									
11. Assist with market research												■								
12. Assist with preparation of a comprehensive marketing programme													■							
13. Assist with product innovation studies														■						
14. Monitor and assist with implementation of new marketing programme															■	■	■	■	■	■
15. Write, submit and discuss Draft Final Report on assignments (1) to (15) above	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

PART VI: **CORPORATE PLAN FOR LAKE VICTORIA BOTTLING COMPANY LTD. 1992 - 1996**

CHAPTER 15.0. INTRODUCTION

CORPORATE PLAN FOR LAKE VICTORIA BOTTLING COMPANY LTD. (1992-1996)

15.0. INTRODUCTION

15.1. Organization of Corporate Plan

15.1.1. The Corporate Plan of **Lake Victoria Bottling Company Limited** *(LVBC)*, for the period 1st July, 1992 to 30th June, 1997 is made up of four main parts.

15.1.2. Part I of the Corporate Plan comprises an introduction which covers the detailed organization of the Corporate Plan and also gives some background information on the Technical Assistance Contract under which the Corporate Plan was prepared and on the Company as well as information on the problems facing **Lake Victoria Bottling Company Limited** at the time the Corporate Plan was being prepared.

15.1.3. The introduction ends with an acknowledgement of assistance given to the Consultants who assisted with the preparation of the Corporate Plan under the Technical Assistance Contract.

15.1.4. Part I of the Corporate Plan also covers the expected outcome of the Corporate Plan.

15.1.5. In Part II of the Corporate Plan, the Corporate Mission and Corporate Vision Statements of **LVBC** are presented after a brief analysis of the opportunities and threats posed by the environment within which **LVBC** is expected to operate, as well as the internal strengths and weaknesses of the Company.

15.1.6. In addition to the Corporate Mission and Corporate Vision Statements, the main objectives of **LVBC** which are derived from the Corporate Mission and Corporate Vision Statements are also presented together with broad strategies to be pursued by **LVBC** during the Plan Period.

15.1.7. Part III of the Corporate Plan comprises a section which gives details of tactical, short-term action programmes to be followed by **LVBC** in pursuance of the broad strategies outlined in Part II of the Corporate Plan, as well as a section that shows details of the major assumptions made during the planning process and brief details of Projected Profit and Loss Statements, Cash Flow Statements, Balance Sheets and Projected Sources and Uses of Funds Statements of **LVBC** for all financial years of the Company from 1st July, 1992 to 30th June, 1997.

15.1.8. In Part IV of the Corporate Plan, a brief summary of the expected outcome of the Corporate Plan is given. Part IV of the Corporate Plan also includes a summary of the results of sensitivity analysis done in respect of three scenarios, which show the likely outcome in terms of projected operating and financial results under each of the three scenarios.

15.1.9. Part IV of the Corporate Plan ends with the conclusion of the Consultants on the Plan.

15.2. Background

15.2.1. Since 1970, performance of the Public Industrial Enterprises Sector in Uganda has been characterized by low capacity utilization *(between 10 - 25% in most cases)*, lack of an integrated system of planning, budgeting, costing, management information, controlling and steering of the Public Industrial Enterprises, absence of aggressive marketing strategies and low productivity.

15.2.2. In order to reverse the situation, a recovery programme was launched in 1982. As part of the recovery programme in 1990, selected Public Industrial Enterprises received management auditing, which aimed at recommending among other things, steps to increase the efficiency, production capability, productivity and control of the affected enterprises.

15.2.3. The Management Audit Reports recommended that general management training required in the enterprises would be better performed through on-the-job training given by highly experienced external consultants to guide the actual managers in the enterprises.

15.2.4. This Corporate Plan has therefore, been prepared with the help of Technical Assistance and on-the-job training given to **LVBC** in August and September, 1991 by

Consultants of **Industrial and Management Services Limited** *(IMAS)*, Ghana, under the Project - **BR/UGA/89/001** of the **Public Industrial Enterprises Secretariat** *(PIES)*, Uganda.

15.3. Acknowledgement

15.3.1. The Consultants would like to express their deepest gratitude to the General Manager of **Lake Victoria Bottling Company Limited** *(LVBC)*, **Mr. Norman Kayonga** whose assistance made it possible for the timely preparation and completion of this Corporate Plan.

15.3.2. The Consultants would also like to thank all Heads of Department of **Lake Victoria Bottling Company Limited** whose active participation and co-operation made the preparation of this Corporate Plan possible.

15.3.3. Finally, the Consultants would like to thank the Director and staff of **PIES** for their kind assistance during preparation of this Corporate Plan.

15.4. Ownership of Lake Victoria Bottling Company Ltd.

15.4.1. The **Lake Victoria Bottling Company Limited** *(LVBC)* is owned by the Government of Uganda *(98% shareholding)*, and by private investors who own 2% of the Company's shares.

15.4.2. The Company was established in 1950 as a private enterprise but was nationalized in 1972.

15.5. Present State of the Company's Business and Expected Outcome of Corporate Plan

15.5.1. *Product Mix*

Lake Victoria Bottling Company produced five brands of Pepsi Cola International soft drinks under the auspices of Pepsi Cola International at the time the Corporate Plan was being prepared. The Company's product mix was as follows:-

Product	**% of Total Production**
Pepsi	54.0
Mirinda	37.0
Teem	8.3
Evervess - Soda/Tonic	0.7
	100.0%

15.5.2. *Capacity Utilization*

As at the end of June, 1991 when this Corporate Plan was being prepared, capacity utilization during the period 1^{st} July, 1990 to 30^{th} June, 1991 averaged 58% *(with reference to a practical capacity of the LVBC plant of 4.4 million cases)* over 251 two-shift days per year.

The practical capacity utilization figure of 4.4 million cases per year was arrived at as follows:-

Installed Capacity of Plant		-	7,500,000 cases per year over 215 three-shift days per year.
Less (1)	Provision for breakdowns and repairs (i.e. 15% of installed capacity of 7,500,000)	-	1,125,000 cases 6,375,000 cases
Less (2)	Provision for planned and preventive maintenance, Saturdays, Sundays and Public Holidays. (i.e 114 days)		
	$1 - \frac{114}{365} = 0.6877$		
	68.77% of 6,375,000	-	1,990,912 cases
	Effective or practical capacity	-	4,384,088 cases (over 251 two-shift days)

With reference to the practical capacity of the **LVBC** Plant of 4.4 million cases per year as detailed above, the Company's capacity utilization over the last three years was as follows:-

Year	Capacity Utilization
1987/88	30.9%
1988/89	43.2%
1989/90	48.4%
1990/91	56.6%

Inspite of the steady increase in capacity utilization between 1987/88 and 1990/91 however, there is considerable scope for an increase in capacity utilization during the Plan Period from 1st July, 1992 to 30th June, 1997.

The main problems constraining an increase in production capacity at the moment are frequent shortages of raw materials, spare parts and other inputs due mainly to the delays in acquiring foreign exchange for such purchases.

The delays in acquiring foreign exchange for the Company's imported inputs results in large sums of money being tied up with the Bank of Uganda, which could otherwise have been used for other working capital requirements. For example, as at 30th June, 1991, an amount of US$613,000,000 was tied up in import prepayments.

Other problems are the high levels of government sales tax and excise duty which average 50% of the retail price, inadequate working capital, frequent water supply interruptions, slow rate of return of empty bottles, high sales prices and lack of adequate market research as well as control of depot sales.

15.6. Condition of and Investment in Production Plant, Vehicles and Equipment

15.6.1. *Production Plant*

The Production Plant of the Company is generally in a fairly good condition. However, the following investments are required to improve the efficiency of the bottling line:-

	Item	Cost US $	Recommended Yr. of Acquisition
1.	Single Hind Gear Box for Bottle Washer	55,000.00	1992/93
2.	Sugar Dissolving Heat Exchanger for Syrup Room	30,000.00	1992/93
3.	Centering Bell for Filler	150,000.00	1992/93
4.	Machinery for Packing and Unpacking Bottles	150,000.00	1992/93
5.	Manual Change-over Switch (600KVA)	25,000.00	1992/93

15.6.2. *Vehicles*

The fleet of vehicles used for the Company's marketing activities consists of three (3) trailer trucks, three (3) pick-ups and eleven (11) tata trucks. These vehicles are in a fair condition. However, expenditure on the maintenance of this fleet is currently estimated at USh 315.6 million per year compared to an estimated USh 217.1 million spent by the Company on almost the same number of hired vehicles per year.

Since hired vehicles cost less as well as provide the Company with a tax shield *(i.e. expenditure on hired vehicles is charged to income before taxes are paid)* and generally offer better service than the Company's own vehicles, it is recommended that the Company should own only those vehicles which are not readily available for hire in the country but are essential for up-country distribution of its products.

In pursuance of this objective, it is recommended that the Company should acquire only tata lorries *(40m)* and trailer trucks *(75m)* during the Plan Period.

The three pick-up trucks currently on the Company's fleet should, however, be maintained and replaced as necessary, during the Plan Period.

During the Plan Period, therefore, it is recommended that all requirements of pick-ups and lorries *(up to 35m)*, for distribution of the Company's products, over and above the number of vehicles held currently in the Company's fleet should be hired from private transport owners.

Prior to the preparation of this Corporate Plan, the Company had planned to increase its fleet of vehicles through acquiring the following additional vehicles.

Type of Vehicle	No. Needed	Year of Acquisition
Tata Lorries (40m)	5	1992/93
Trailer Truck (75m)	1	1992/93
Tata Lorries	5	1993/94
Trailer Truck	1	1993/94
Trailer Truck	2	1994/95
Trailer Truck	2	1995/96
Tata Lorries	5	1996/97
	--	
TOTAL	21	
	==	

In view of the foregoing reasons and two other reasons which are given on the next page, the Consultants do not recommend that the Company should go ahead to acquire all of the above vehicles.

The first reason is the heavy cost involved in acquiring the above mentioned vehicles, which is estimated at US $2.3 million, as well as the high expenditure involved in maintenance and repairs of the Company's vehicles in the past.

The second reason is the urgent need for the Company which is in the business of producing soft drinks, to move away from owning a large fleet of vehicles by balancing its distribution channel mix in such a way as to reduce, to the barest minimum, by the end of the Plan Period, expenditure on the selling and distribution of its products.

Thus, instead of acquiring fifteen (15) tata lorries and six (6) trailer trucks, the consultants recommend that **LVBC** should acquire only eight (8) tata lorries *(four to serve the Kampala area and the remaining four to serve the Company's six depots)* and four (4) trailer trucks for distribution of **LVBC** products during the first four years of the Plan Period.

All other requirements of vehicles by **LVBC** during this period apart from vehicles that will be acquired to replace those currently on the Company's fleet should be hired from private transport owners.

An investment in new vehicles for the Marketing Department of US $825,600 is therefore expected to be made within the first two years of the Plan Period out of the proceeds of a rehabilitation loan that is expected to be taken by the Company.

15.6.3. *Workshop and Machineshop Equipment/Tools*

The Company's workshop and machineshop lack certain essential tools and equipment as well as machinery to ensure that they render service at an optimum level.

During the Plan Period therefore, the Company intends to acquire the following tools, equipment and machinery for use in its machineshop and maintenance workshops.

	Item	Recommended Year of Acquisition	Estimated Cost
1.	Workshop Tools	1993-94	US $20,000
2.	Machine Shop Equipment	1993-94	12,000
3.	Injection Moulder	1993-94	50,000
4.	Freon Gas Charging Board	1993-94	5,000
5.	Motor Rewinding Equipment	1994-94	5,000
	T O T A L		US $92,000

Thus, a total of US $92,000.00 is expected to be spent on workshop and machineshop tools/equipment as well as other machinery and equipment during the Plan Period.

15.6.4. *Quality Control Equipment*

The need for the highest standard of quality to be maintained throughout the Plan Period by the Company with regard to its products needs not to be overemphasized.

Having won the Pepsi Cola International Award for Quality in Africa in 1990, the Company needs not to be complacent about its present quality standards. It is therefore absolutely necessary for the Laboratory of

LVBC to be equipped to enable it to effectively and efficiently carry out its objective of maintaining the highest quality of soft drinks produced by the Company as well as undertake product innovation studies during the Plan Period. Towards this end, it is planned to invest a total of US$5200.00 in 1992/93 to buy a Refractometer for the Company's Laboratory.

15.6.5. *Production-Support Vehicles*

During the Plan Period, the Company intends to acquire the following vehicles to enhance the effectiveness and efficiency of the production function.

Type of Support Vehicle	Number	Estimated Cost US $	Recommended Year of Acquisition
Forklifts	2	57,500	1993/94
CO_2 Truck	1	120,000	1993/94

Thus, a total of US$177,500.00 is expected to be spent on production-support vehicles during the Plan Period.

15.6.6. *Total Investment on Plant, Vehicles, Machinery, Tools and Equipment*

During the Plan Period therefore, a total of US$1,465.3 million is expected to be spent under this heading made up of US$783,000.00 to be spent in the 1992/93 financial year and US$682,300.00 in 1993/94.

15.6.7. *Working Capital*

A total of US$2,352,300.00 million is required for use as working capital to enable the Company achieve its objectives during the Plan Period.

Out of this amount, US$725,000.00 is expected to be used to cover the cost of importing bottles and shells, whilst US$1.21 million is expected to be used to purchase concentrates *(US$869,065.00)* and sugar *(US$340,600.00)*.

In addition, an amount of US$38,035.00 is expected to be used to acquire bottle washing, water treatment and sanitation/quality control chemicals.

The balance of US$555,905.00 is expected to cover the cost of running spares that will be required to ensure uninterrupted production during the Plan Period.

Please refer to Appendices 1(a) to 1(c) for details of Fixed Assets and Working Capital Requirements to be financed from the rehabilitation loan that is expected to be taken by the Company during the Plan Period.

15.7. Areas of Possible Cost Reductions During Plan Period

During the Plan Period, it is expected that action will be taken to minimize losses and waste in the following areas of the Company's operations:-

15.7.1. *Production*

Water

It is planned to reduce the volume of water that is currently wasted at the factory by constructing a pilot water reclamation plant. Out-of-pocket expenditure on the plant is expected to be US$80,000.00 and the plant is expected to save the Company a minimum of 70% of the water that is drained to waste at present.

At the current level of water rates of US \$813.00 per M^3, this is expected to result in minimum annual savings of US\$43,000.00 for the Company over the ten-year estimated useful life of the pilot water reclamation plant.

Sugar

It is expected to save an average of US\$22,557.00 per year through a policy of progressively substituting local sugar for imported sugar during the Plan Period.

Bottles and Shells

It is expected to reduce the cost of new bottles and shells that are acquired during the plan period by systematically reducing the rate of breakage of bottles during all stages of production of soft drinks.

This is expected to be done through effective and efficient maintenance and repairs of machinery coupled with a policy of instilling in all staff the need for cost reductions in all facets of operations.

At the moment, 1.0% of bottle breakages occur on the production line whilst 0.5% of bottle breakages occur in the warehouse and during distribution of finished goods.

It is hoped to save a minimum of US\$22,500.00 per year during the plan period by reducing bottle breakages in all facets of the Company's operations.

Machinery Down-Time

It is expected to reduce delays in repairing production machinery when such machinery breakdown during the Plan Period by ensuring that spare parts are readily available for repairs and by anticipating breakdowns and taking corrective action in good time through adopting an effective and efficient planned/preventive maintenance scheme.

Filler Performance

It is planned to closely monitor the performance of the Company's Filler Unit and undertake any corrective maintenance that will become necessary in good time in order to reduce the present level of half-fills and over-fills of bottles with soft-drinks.

Under existing quality control policies of the Company, all half-filled bottles are drained to waste and the empty bottles returned to the Filler Unit after re-washing, for proper filling.

At the present rate of half-fills of half percent (1/2%) of yearly output, the total annual cost of half-fills is estimated at US$12500.00.

With the increase in capacity utilization expected during the Plan Period, it is hoped that more effective maintenance of the Filler Unit during the Plan Period will result in a minimum of 76% of this cost or US$9500 being saved, on average, in each year of the Plan Period.

15.7.2. *Marketing*

By maintaining an optimal mix of hired vehicles and own-marketing vehicles during the Plan Period, it is expected to save an average of US$29,070.00 per year.

This is expected to involve the Company holding no more than ten (10) lorries and four (4) trailer trucks at any one time during the Plan Period and hiring all other vehicles required for the effective and efficient distribution of its products.

15.7.3. *Savings from Cost Reduction Programme*

It is expected that **LVBC** will save an average of US$139,127.00 in each year of the Plan Period by adopting the cost reduction measures recommended in this Plan.

15.7.4. *Personnel and Administrative Expenses*

It is planned to reduce the number of staff employed by the Company from 446 to 360.

In addition, 100 out of the 360 staff to be employed by the Company during the Plan Period are expected to be engaged on casual day-to-day basis.

As a result of the foregoing actions, it is expected to reduce personnel and administrative overheads during the Plan Period from 8.6% of Net Sales in 1992/93 to 3.6% of Net Sales in 1996/97.

An average of US$73,000.00 per year is expected to be saved during the Plan Period, under this heading.

15.8. Bill of Materials Required for Production During Plan Period

15.8.1. Based upon the capacity utilization levels indicated below, it is expected that the materials shown in Appendices 2(a) to 2(c) would be procured by the Company for production at the capacity utilization levels indicated below:-

Year	Projected Capacity Utilization
1992/93	68%
1993/94	74%
1994/95	80%
1995/96	86%
1996/97	92%

15.9. Marketing and Sales

15.9.1. Major marketing problems facing the Company are as follows:-

- Inability to maintain a balanced and uninterrupted supply of products to all market segments.
- Lack of adequate marketing research information on customers brand preference, total demand for **LVBC** products by various market segments, effectiveness of advertising and promotion.
- High prices due to high levels of government taxes as well as high selling and distribution costs.
- Concentration of selling and distribution in the Kampala area and in the Central Region.
- Lack of effective control of depot sales.

15.9.2. Currently, aggressive marketing strategies are required by **LVBC** to be able to effectively maintain its market leadership position in the face of strong competition from other soft drinks producers, including Century Bottlers Limited, the bottlers of Coca Cola products.

15.9.3. It is therefore planned to introduce a comprehensive marketing programme covering products, prices, distribution, promotion/advertising and research to enable the Company achieve its marketing objectives at the least cost possible.

15.9.4. Furthermore, it is also planned to introduce additional sales related incentives to boost the morale of salesmen and encourage retailers, agents and wholesalers to stock more of the Company's products.

15.9.5. In view of the aggressive marketing policies that the Company intends to pursue during the Plan Period, it is planned to strengthen the Marketing Department by the appointment of a Marketing Services Officer and a Marketing Research Assistant.

15.10. Finance and Accounting

15.10.1. The Accounts Department of **LVBC** is sufficiently staffed at the moment to perform its normal functions. To a large extent however, an integrated planning, budgeting, costing, reporting and controlling/steering system is absent in the Company.

15.10.2. Even though staff in the department appreciate the need for such an integrated system and are therefore keen to develop the present rudimentary system into a comprehensive and integrated one, the Company will need technical assistance from external Consultants during the Plan Period to build on what will be achieved as a result of the current technical assistance being given by Consultants of **IMAS**.

15.10.3. In order to start an integrated and comprehensive system, it is planned to derive annual budgets from this Corporate Plan after which performance will be monitored through costing and reporting on daily, weekly, monthly, quarterly, semi-annual and annual basis.

15.10.4. Furthermore, costs which will be split into fixed and variable components will be allocated to various cost as well as sub-cost centres and responsible officers held accountable for cost overruns by their responsibility centres.

15.10.5. Variances from planned targets would be analyzed on regular basis with a view to improving on performance of responsibility centres in favourable areas and eliminating shortcomings that have led to unfavourable variances.

15.10.6. As part of modernizing the accounting system of **LVBC**, it is planned to acquire computers and progressively extend their use to cover all facets of accounting work at **LVBC** as well as the integrated planning, budgeting, costing, reporting and controlling system that is expected to be adopted by the Company during the Plan Period.

15.10.7. In this regard, it is planned to introduce a revised Chart of Accounts and Coding System prepared by **PIES** and progressively develop the present manual accounting system to a stage where the switch-over to a computerized one will be smooth and easy for all staff of the Company.

15.10.8. When fully operational, it is expected that, cost centres will be introduced to cover the following functional areas or responsibility centres of the Company.

Cost Centre	Sub-Cost Centre
1. Production and Related Activities	- Washer * Detergent/Caustic Usage * Water Usage * Bottles Breakages
	- Filler * Bottle Breakages * Cver-fills * Half-fills * Crowns Usage
	- Crate Conveyor * Bottle Breakages
	- Syrup Room * Sugar Usage
	- Utilities * Generator * Main Electric Power
	- General * Fork Lifts * Chain Lubricants (Bottle Conveyor) * Protective Clothing
	- Maintenance * Consumable Spares * Lubricants * Machine Shop * Vehicle Workshop
	- Quality Control * Cleaning and Sanitation * Water Treatment * Laboratory Chemicals

Cost Centre	Sub-Cost Centre
	- Stores * Production Plant Spares * Motor Vehicle Spares * Production Inputs * Other Spares
2. General Administration (including General Manager's Officer)	* General Services * Estate Management * General Transport
3. Marketing	* Marketing Services * Advertisement * Promotion * Research * Sales
4. Human Resources Management	* Personnel
5. Accounts Department	
6. Internal Audit Department	

15.10.9. It is planned to re-designate the marketing and maintenance functions as profit centres by the end of the 1993/94 financial year.

15.10.10. Due to the need to improve the liquidity position of the Company, it will be necessary for greater emphasis to be placed on financial planning and working capital management by the Company during the Plan Period.

15.10.11. It is therefore planned to adopt systematic short-term financial planning and working capital management during the Plan Period under which daily, weekly, monthly, quarterly and annual cash budgets will be prepared and actual performance compared to budgeted targets for necessary control measures to be taken.

15.11. Human Resources Management

15.11.1. LVBC currently employs a total of 446 members of staff made up as follows:-

Category of Staff	Number of Staff
Mechanical Engineering	10
Electrical Engineering	7
Quality Control	7
Syrup Section	10
Bottling Line	78
Workshop (Motor Vehicle)	12
Fork Lift Drivers	8
Marketing	128
Accounts	45
Procurement	6
General Administration	126
Internal Audit	9
T O T A L	**446**

15.11.2. Considering the present level of capacity utilization and the impending computerization of operations, the number of staff is considered by the Consultants to be on the high side.

15.11.3. It is therefore recommended that the following levels of staff should be maintained during the Plan Period.

	Department/Section	Present Number of Staff	Proposed Number Number of Staff
1.	Production		
	- Mechanical	10	8
	- Electrical	7	6
	- Quality Control (including Syrup Section)	17	10
	- Bottling Line	78	60
	- Workshop (Motor Vehicle)	12	12
	- Forklift Drivers	8	8
2.	Marketing	128	94
3.	Accounts	45	30
4.	Procurement	6	3
5.	Personnel/Company Secretariat	126	120
6.	Internal Audit	9	9
		446	350

15.11.4. Out of the proposed staff complement of 360 during the Plan Period, it is recommended that 100 should be engaged on casual basis.

15.11.5. Thus, only 260 employees of the Company should be engaged on permanent basis during the Plan Period.

15.11.6. Staff to be engaged on casual basis are as follows:-

	Category of Staff	Section	No. to be Engaged on Casual Basis
1.	Truck Helpers	Finished Goods Warehouse	32
2.	Loaders/Off-loaders (Empties)	Same as above	12
3.	Loaders/Off-Loaders (Finished Goods)	Same as above	6
4.	Miscellaneous Duties	Same as above	11
5.	Depot Loaders	Depots	6
6.	Depot Truck Helpers	Depots	6
7.	Shamba boys and Office boys	General Administration	15
8.	Cleaners	Same as above	2
9.	Plumbers, Masons, Carpenters	Estate Maintenance	10
	TOTAL		100

15.11.7. If the need for additional staff arises during the Plan Period, it is recommended that LVBC should engage staff on casual basis and lay them off as soon as their services are no longer required.

15.11.8. It is also planned to motivate staff to increase productivity through increasing wages and salaries to take account of inflation, implementing structured training programmes for all staff, adopting objective staff recruitment and performance appraisal systems as well as linking productivity increases to the remuneration received by staff through objective appraisal of work performance and conduct.

15.11.9. Furthermore, it is planned to revise the present organizational and staff manuals to make them more comprehensive. It is expected that the revised organizational and staff manuals will cover a new organizational chart, job descriptions, man-specifications, staff progression schemes, conditions of service of staff, promotion policy, study-leave policy and training policy of the Company.

15.12. Internal Audit

15.12.1. The Internal Audit function in **LVBC** is performed by an Internal Audit Section.

15.12.2. Due to the frauds which occurred within the Company in 1989 and the impending computerization of the Company's accounts, it is considered necessary by the Consultants, that the Internal Audit function at **LVBC** should be strengthened by upgrading the present section into a full department which should be headed by an Internal Audit Manager.

15.12.3. It is further recommended that the Internal Audit Manager should be assisted by two Internal Audit Officers who would be responsible for management systems/investigations and operations, respectively.

15.12.4. Due to the computerization of the Company's accounts that is expected during the Plan Period, it is considered necessary for all weaknesses to be removed in the present systems of Internal Control of the Company by instituting appropriate checks and balances in all management systems before computerization.

15.12.5. Towards this end, it is planned to develop internal control questionnaires, which will subsequently be used to search for and remove any weaknesses in the present systems of internal control.

15.12.6. In addition, it is planned to carry out management audit of various sections of the Company in order to ensure that procedures and management systems that are expected to be in use during the Plan Period will be effective in terms of achieving objectives of the Company, as well as safeguarding the assets of the Company.

15.12.7. Finally, it is planned to train staff of the Internal Audit Department to be able to use computers effectively as most of the records that they will be required to audit will be stored in the memory of the various personal computers that will be acquired by the Company.

CHAPTER 16.0. ASSESSMENT OF THE COMPANY AND ITS ENVIRONMENT

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16.1. Assessment of the Company

16.1.1. *Human Resources Management*

The present management of Human Resources by the Company is weak and needs to be strengthened. The training efforts employment procedures, staff performance appraisal methods, and manpower development schemes are very weak. In addition, the overall organization structure lacks strategic direction in terms of providing an organizational frame-work that propels the Company towards its mission.

It is therefore necessary for the Personnel function at LVBC to be significantly strengthened through appropriate training of personnel who are currently in the Department.

In addition, a suitably qualified and experienced person should be appointed to head the Department. The designation of the officer who is responsible for the Department should be changed to Personnel Manager/ Company Secretary. The Personnel Manager/Company Secretary is expected to be assisted by a Personnel Officer and an Administrative Officer.

16.1.2. *Production and Related Activities*

The general condition of the Company's plant, vehicles and equipment is fairly good.

Quality control is also good but standards could be improved even further.

Preventive maintenance, machinery and equipment downtime, however, need to be significantly improved in order to ensure uninterrupted production and thus help to achieve the increases in capacity utilization envisaged during the Plan Period.

16.1.3. *Procurement*

Present procurement procedures of the Company are weak and do not guarantee that the best value for money can be expected by the Company during the Plan Period.

Even though the prices of some inputs such as concentrates can hardly be influenced by the Company, significant savings can be achieved by the Company if more efforts, than is currently being put in by the Company, is made to compare prices of inputs from various sources before purchasing decisions are made.

It is therefore necessary for the Procurement Section to be strengthened through training of staff in the section and for more effective supervision of their activities.

16.1.4. *Marketing*

The extent to which the Company carries out marketing research, its distribution methods, pricing, advertising and promotion policies, its training efforts for sales personnel, sales planning and controlling are weak and need to be significantly improved during the Plan Period.

The Company however, has a dynamic and experienced Marketing Manager who has sound knowledge of the principles of marketing and every advantage must be taken of his presence in the Company to develop the aggressive marketing strategies envisaged during the Plan Period in order for the Company to maintain and increase its market leadership position.

16.1.5. *Finance and Accounting*

Planning, budgeting, calculation of unit production cost, general accounting procedures and performance of accounting personnel is fairly satisfactory.

However, it is planned to improve upon their present performance significantly during the Plan Period as well as improve upon present weaknesses in costing, computerization, controlling and up-to-date reporting.

16.2. Assessment of the Company's Environment

16.2.1. A number of threats may be faced by the Company during the Plan Period.

16.2.2. During the Plan Period, it is expected that the present premium between the official exchange rate of the Uganda Shilling to the US Dollar will be progressively reduced thus making the cost of imported raw materials much higher than at present.

16.2.3. The Company must therefore find ways of using more local substitutes for the inputs that it currently imports, particularly, sugar.

16.2.4. In addition, though the cost of debt *(ie. interest rates on borrowed capital)* is ultimately expected to come down, it is not expected to fall to a level which will translate into a significant reduction in the Company's cost of borrowed funds during the Plan Period.

16.2.5. The progressive liberalization of the economy and possible lifting of the ban on imported soft drinks at some time in the future could pose a significant threat to the Company.

16.2.6. Furthermore, production and sales policies of the Company's competitors could also affect, adversely, demand for the Company's products.

16.2.7. However, a number of opportunities may arise which the Company could take advantage of. For example, it is expected that with the gradual improvement in the economy, infrastructural services would also improve and thus make it possible for the Company to distribute its products more widely than at present.

16.2.8. In addition, the disposable income of the majority of Ugandans would be expected to increase, which could thus help to increase demand for soft drinks.

16.2.9. Appendix 3 shows the results of a multiple regression analysis which indicates that a one percentage increase in the population of Uganda has over the past ten years been associated with a 13.5 percentage increase in consumption of soft drinks in the country.

Appendix 4 shows projected levels of consumption of soft drinks up to the end of 1997.

16.2.10. Thus, with the population of Uganda expected to increase by an average of 3% per year during the Plan Period, the Company should adopt strategies to take advantage of the expected increase in consumption of soft drinks.

16.2.11. One such measure would be to make the proposed Mbarara Plant fully operational during the next corporate planning period.

16.2.12. Finally, further reductions in the levels of Sales Tax, Excise Duty and Import Duty during the Plan Period could help to boost demand for soft drinks by making them cheaper.

16.3. Corporate Mission and Corporate Vision Statements

16.3.1. In the light of the opportunities and threats presented by the Company's environment and having regard to its internal strengths and weaknesses, the Company's mission, which expresses its underlying purpose during the Plan Period is stated as follows:-

> "The main business of **Lake Victoria Bottling Company Limited** is to produce and market affordable soft drinks of the highest quality at an optimum level of capacity utilization that is consistent with long-term sustainable growth at the highest level of profitability."

16.3.2. The Corporate Vision of **Lake Victoria Bottling Company Limited,** which covers the scope of products to be produced by the Company during the Plan Period and also outlines what **LVBC** wishes to become as a Company by the end of the Plan Period is expressed as:-

16.3.3. "To maintain market leadership in the soft drinks sector and make Pepsi Cola products as well as **LVBC** products the best known soft drink brand names throughout Uganda."

16.4. Objectives

Having regard to the Corporate Mission and Corporate Vision of **LVBC**, the following are the main objectives that are to be pursued by the Company during the Plan Period.

16.4.1. *Capacity Utilization*

During the Plan Period, **LVBC** plans to increase its production of soft drinks from the present 2.5 million cases per year *(i.e. 58% of practical capacity utilization)* to 4.05 million cases per year *(i.e. 92% of practical capacity utilization)*.

The details of capacity utilization expected during the Plan Period are as follows:-

Year	% of Practical Capacity Utilization	Millions of Cases
1992/93	68	2.99
1993/94	74	3.26
1994/95	80	3.52
1995/96	86	3.78
1996/97	92	4.05

16.4.2. *Quality*

During the Plan Period, a key objective of **LVBC** will be to improve upon its present quality standards.

16.4.3. *Market Share*

The main objective of **LVBC** in the marketing area during the Plan Period will be to increase its market share or, at least, maintain its present market share of 80%[1] through adopting aggressive marketing strategies.

16.4.4. *Finance and Accounting*

The objective of **LVBC** under this heading is to modernise its accounting system by introducing and gradually extending the use of computers in the Company.

Towards this end, the adoption of an integrated system of planning, budgeting, costing, controlling and reporting will be a key goal.

In addition, the Company plans to improve its financial planning and working capital management in order to reduce the amount of funds that are frequently tied up in import prepayments, at present.

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[1] *(Kienbaum and Partner Final Report on Lake Victoria Bottling Company Limited. Page 22).*

16.4.5. *Cost Control*

In order to reduce the cost of its operations, the Company's objectives under this heading are to reduce the cost of inputs for production, reduce selling and distribution cost as well as staff direct and indirect expenses.

In addition, effective controls are to be instituted to control cost within planned limits.

16.4.6. *Human Resources Management*

The objective of the Company in this field during the Plan Period is to significantly improve the productivity of a reduced labour force through adopting a comprehensive personnel programme, objective recruitment and staff performance appraisal policies.

16.4.7. In addition, increases in salaries and wages of staff will be linked to productivity increases that are achieved by staff during the Plan Period and staff made to follow structured training and manpower development programmes.

16.4.8. In particular, training on the effective use of computers will be emphasized.

16.4.9. *Internal Audit*

The objective of the Internal Audit function during the Plan Period would be to ensure that all company assets are effectively and efficiently used as well as protected from misappropriation or unauthorized diversion.

This objective will be achieved through instituting systems of internal control that ensure proper checks and balances throughout the Company in order to prevent fraud and misappropriation of the Company's assets and delays in submission of management information reports while, at the same time, promoting effectiveness and efficiency.

Finally, the Internal Audit function is expected to reinforce monitoring of the Company's operations as part of the integrated planning, budgeting, costing, reporting and controlling system, under the Corporate Plan.

16.5. Strategies to be Followed by the Production Department

1. Rehabilitate the production line.
2. Improve efficiency to ensure a less costly operation.
3. Improve quality control.
4. Ensure balanced and uninterrupted production.
5. Undertake cost reduction measures.
6. Train production personnel.

16.6. Strategies to be Followed by the Marketing Department

1. Ensure uninterrupted and balanced supply of finished products to all distribution outlets.
2. Reduce selling and distribution costs.
3. Balance distribution channel-mix.
4. Train salesmen.

5. Undertake comprehensive market research.
6. Ensure that timely and accurate market information is available for decision making at all times.
7. Motivate Salesmen.
8. Control Depot sales.
9. Increase branding activities and advertising/promotion.

16.7. Strategies to be Followed by Finance and Accounts Department

1. Modernise accounting system (i.e. progressively computerize accounts).
2. Improve planning and budgeting system.
3. Improve costing and reporting system.
4. Improve control systems.
5. Integrate planning, budgeting, costing, reporting and controlling systems.
6. Improve financial planning and working capital management.
7. Monitor and arrange improvement in financial ratios of the Company.
8. Lobby for further tax concessions.
9. Monitor purchases to ensure most favourable prices are obtained at all times.
10. Introduce responsibility centre accounting.
11. Control stocks of production inputs, spare parts, stationery and all other stocks.

16.8. Strategies to be Followed by the Personnel Department

1. Improve productivity and motivation of staff.
2. Prepare comprehensive personnel programme covering:
   - *recruitment*
   - *remuneration schemes*
   - *training schemes*
   - *appraisal of staff.*

3. Improve discipline of staff.
4. Revise the Company's organizational and staff manual.
5. Train and develop all staff.
6. Motivate all staff.

16.9. Strategies to be Followed by General Administration Department

1. Re-organize Marketing Department and strengthen marketing services function.
2. Strengthen Personnel Department.
3. Strengthen Internal Audit Department.
4. Remove one-to-one reporting relationships in the organization structure.
5. Strengthen the Purchasing Section.
6. Re-organise Production Department to enhance effectiveness and efficiency.
7. Rationalize staff strength.
8. Place Finished Goods Store under Marketing Department.
9. Place physical custody of production inputs and stores under Production Department.

16.10. Strategies to be Followed by the Internal Audit Function

1. Design Internal Control Questionnaires to cover all facets of the Company's operations.
2. Test-check all present systems of internal control and submit recommendations for their improvement.
3. Review all procedures and management systems to ensure they contribute to optimization of effectiveness and efficiency.
4. Monitor integrated planning, budgeting, costing, reporting & controlling systems to ensure management reports are submitted on time and corrective follow-up action taken on time.
5. Undertake pre-auditing of petty cash disbursements, payment by cash or cheque for inputs, spares, stationery and all other materials.
6. Undertake post-auditing of all transactions.
7. Undertake investigations as necessary.

CHAPTER 17.0. STRATEGIES AND DETAILED ACTION PLANS

17.0. STRATEGIES AND DETAILED ACTION PLANS

The strategies and detailed action plans to be followed by each department/section of the Company during the Plan Period are presented in Appendices 5(a) to 5(f).

17.1. Projected Profit and Loss Accounts, Cash Flow Statements, Sources & Uses of Funds Statements, and Balance Sheets During the Plan Period

17.1.1. *Major Assumptions:*

Projected Operating Statements - 1992/93 to 1996/97

Pricing

The price of a case of soft drinks to be sold by **LVPC** during the Plan Period is expected to be USh 5,581.00 based on the 1991/92 price level detailed as follows:-

EX-FACTORY SELLING PRICE

Inputs		**Cost in USh/Case**
Concentrates		747.7
Sugar		840.0
CO_2		56.5
Crown Corks		257.5
Water		41.5
SUB-TOTAL (i)		1,943.2
Other Production Overheads		250.1
Depreciation: Plant and Machinery		27.4
SUB-TOTAL (ii)		2,220.7
Administration Expenses	450.9	
Depreciation	53.8	504.7
Advertising and Sales Promotion		171.4
Financial Expenses		93.0
Write-down on Bottles and Shells		301.4
SUB-TOTAL (iii)		3,291.2

EX-FACTORY SELLING PRICE CONTD...

Inputs	Cost in USh/Case
SUB-TOTAL (iii) c/f	3,291.2
Add 13% Profit Margin	429.8
SUB-TOTAL (iv)	3,721.0
25% Excise Duty	930.0
SUB-TOTAL (v)	4,651.0
20% Sales Tax	930.0
Ex-factory selling price per case	5,581.0

The price of USh 5581.00 per case takes into account appropriate increases in cost that are expected to arise from devaluation of the Uganda Shilling during the financial year ending 30th June, 1992.

Further increases in cost because of inflation and devaluation have not been considered in our estimates of cost during the Plan Period.

It has been assumed, however, that any increases in cost due to inflation and devaluation, during the Plan Period will be compensated for through adjustment of the Company's selling prices.

Thus, for the purposes of this plan, a constant price level during the Plan Period of U.Sh 5581.00 has been assumed.

Net Sales

Net Sales revenue during the Plan Period, is derived from Gross Sales for each year after deduction of sales tax (20%) and excise duty (25%) based on an average tax rate of 33.3% of gross sales. *(Please refer to Appendix 6)*.

Sales Volume

It has been assumed that all cases of soft drinks produced during the Plan Period will be sold during the Plan Period.

Thus, production in each year is expected to be sold during that year.

The beginning stock of finished goods is therefore expected to be at a level that is high enough to ensure balanced supply of soft drinks to all market segments during the Plan Period.

Cost of Sales

In the first year of the Plan Period, the cost of sales is expected to be 53.1% of net sales. It is however, expected to decrease to 53.0% of sales in the last year of the Plan Period, due to tne cost degression that will result from the increased level of capacity utilization.

As a result of this cost degression, unit production cost is expected to decrease from USh. 2249.57 in 1992/93 to USh. 2248.76 in 1996/97.

Marketing and Sales Expenses

Expenditure under this heading is projected at 9.79% of net sales in the first year of the Plan Period, and is expected to reduce to 6.3% of net sales by the end of the Plan Period.

Personnel and Administrative Expenses

Expenditure under this heading is projected at 8.6% of net sales in 1992/93 and is expected to reduce to a level of 3.6% of net sales by 1996/97.

Internal Audit Expenses

It has been assumed that expenditure under this heading will be 0.2% of Net Sales in the first year of the Plan Period, from which level it is expected to decrease to 0.1% of Net Sales in the last year of the Plan Period.

Finance and Accounting Expenses

It has been assumed that accounting expenses will be reduced from 0.27% of Net Sales in 1992/93 to 0.18% of Net Sales in 1996/97.

17.2. Interest on Loans

17.2.1. *EADB Loan*

The EADB loan is expected to be fully repaid by the end of the 1994/95 financial year.

Interest expected to be paid on the outstanding balance is projected at U.Sh 113.1 million in 1992/93, U.Sh 105.6 million in 1993/93 and U.Sh 39.7 million in 1994/95.

17.2.2. *Rehabilitation Loan*

A total of USh 3,817.6 million *(US$3.817 million)* *[2] is expected to be raised to cover the cost of rehabilitation *(USh 783.0 million in 1992/93 and USh 682.3 million in 1993/94)* and working capital requirements *(USh 1601.3 million in 1992/93 and USh 751.0 million in 1993/94)* during the Plan Period.

The rehabilitation loan is therefore expected to be taken in two instalments of USh 2384.3 million in 1992/93 and USh 1433.3 million in 1993/94.

The cost of debt is assumed to be 40% during the Plan Period with no exchange risk to be borne by the Company.

At this cost of debt, interest expected to be paid by **LVBC** during the Plan Period is projected as follows:-

Year	**Interest**
1992/93	USh 953.7 million
1993/94	USh 1336.3 million
1994/95	USh 1002.2 million
1995/96	USh 668.5 million
1996/97	USh 334.1 million

(US$1.00 = USh 1000.00)

**2 US $1.00 = U.Sh 1000.00*

The projected interest cost is based on the following proposed repayment schedule.

Year	Repayment (USh Millions)	Year-End Loan Balance (USh Millions)
1992/93	476.9	1907.4
1993/94	835.2	2505.2
1994/95	835.2	1670.3
1995/96	835.2	835.1
1996/97	835.1	-

17.2.3. *Depreciation*

It has been assumed that fixed assets will be depreciated at the following rates:-

Item	Rate
Buildings	2%
Plant and Machinery	12.5%
Commercial Vehicles	37.5%
Non-Commercial Vehicles	25%
Furniture and Equipment	12.5%

17.3. Cash Flow Statements - 1992/93 to 1996/97

17.3.1. *Purchase of Fixed Assets with Own Funds*

It has been assumed that LVBC will take advantage of an improvement in its liquidity position, that is expected during the Plan Period, to acquire additional fixed assets apart from those to be acquired with proceeds of the Rehabilitation Loan.

The list of fixed assets to be acquired by the Company with its own funds in each year of the Plan Period is as shown in Appendices 1(d) to 1(h).

17.3.2. *Dividends*

The Company has no clearly defined policy on the payment of dividends. For the purposes of this plan however, it has been assumed that, due to the significant improvement in the Company's liquidity position which is expected during the Plan Period, dividends will be declared and paid as shown below:-

Year	**Dividends Declared and Paid (USh Millions)**
1993/94	USh 200.0 million
1994/95	USh 300.0 million
1995/96	USh 400.0 million
1996/97	USh 500.0 million

17.3.3. *Corporation Tax*

Corporation Tax is assumed to be at a constant rate of 40% throughout the Plan Period and is paid in the next year of the Plan Period.

17.3.4. *Bottle and Shell Purchases*

Bottle purchases during each of the years of the Plan Period is assumed to be based on a rate of 3.5% of production in that year plus 1.5% of production in the previous year.

The rate of 3.5% of each year's production is the level of bottle purchases considered necessary to meet the projected increase in capacity utilization during the year whilst the rate of 1.5% is based on the current rate of bottle breakages experienced by the Company each year, and represents bottle purchases to replace those lost during production and marketing in the previous year.

Due to the cost control measures expected to be adopted during the Plan Period, however, the total requirements of new bottles to be purchased in each year of the Plan Period is expected to be reduced by 3,600 cases per year.

Bottles and shells that are expected to be put into circulation during the Plan Period are therefore as shown below:-

Year	**Bottles (Cases)**	**Shells**
1992/93	128,500	51,285
1993/94	135,608	67,667
1994/95	147,260	71,810
1995/96	158,936	75,381
1996/97	166,896	81,000

The present cost of a case of bottles *(one case contains 24 bottles)* is USh 7600.00 whilst each shell costs USh 4000.00.

In order to ensure that its products are affordable, the Company subsidizes its shells and bottles by taking deposits from its customers of only USh 1900.00 per shell and USh 1500.00 per case, respectively.

It has been assumed that the present deposit rates of USh 1900.00 per shell and USh 1500.00 per case will prevail throughout the Plan Period.

It is therefore expected that the yearly write-down *(Subsidy rate per case is USh 6100.00 whilst the subsidy rate per shell is USh 2100.00)* of the cost of bottles and shells during the Plan Period will be as shown on the next page.

Item	1992/93	1993/94	1994/95	1995/96	1996/97
Bottles	794.1M	838.1M	910.1M	982.2M	1031.4M
Shells	107.7M	142.1M	150.8M	158.3M	188.9M
TOTAL	901.8M	980.2M	1060.9M	1140.5M	1220.3M

It has also been assumed that any increase in the cost of bottles and shells during the Plan Period as a result of devaluation and inflation will be compensated for through adjustments to deposit rates in order to ensure constant subsidy rates throughout the Plan Period.

17.3.5. *Excise Duty and Sales Tax*

It has been assumed that Excise Duty and Sales Tax for each month would be paid within twenty days of the subsequent month up to the end of the Plan Period.

17.4. Projected Balance Sheets

17.4.1. *Bottles and Shells Stock*

It is assumed for the purposes of this Corporate Plan that year-end closing stock of bottles and shells will be at levels that are necessary to meet the requirements of five days production in the subsequent year.

The five-day level of stock of bottles and shells is expected to consist of two days requirements of finished goods stock to ensure uninterrupted supply of finished goods to all market segments during the first week of each year of the Plan Period.

17.4.2. *Raw Materials and Stores*

It is assumed that year-end stock levels of the following inputs will be at levels which will ensure uninterrupted production over the periods indicated.

Input/Material	Period
Sugar	1 $^{1}/_{2}$ Months
Concentrates	3 Months
Crown Corks	1 Month
Caustic Soda	2 Months

With regard to stock levels of other items required for production, it has been assumed that year-end stock levels will cover normal use over the periods indicated below.

Input/Material	Period That Year-End Stock Can Cover
Carbon Dioxide	2 Weeks
Boiler Fuel	2 Weeks
Petrol	4,200 Litres to cover one week
Diesel	3,400 Litres to cover one week
Stationery	3 Months

17.4.3. *Import Prepayments*

It has been assumed for the purposes of this plan that year-end balances under this heading would cover prepayments for the supply of sugar, concentrates and other imported inputs for two months production, in each subsequent year of the Plan Period.

17.4.4. *Cash on Hand*

It has been assumed that this would be equivalent to one (1) day's sales proceeds plus U.Sh 10 million expected to be held as imprest by Depots and various officers on the last day of each year during the Plan Period.

17.4.5. *Stock at Depots*

It has been assumed that at least 12,000 cases of finished products and 6,000 cases of empties would be held as stock by all depots of the Company at the end of each year in order to ensure uninterrupted supply of finished products to the market segments that the depots serve and to ensure that enough empties are available for remittance to the factory in the next year of the Plan Period to facilitate uninterrupted production.

17.4.6. *Trade Debtors*

It has also been assumed that Hotels and Clubs which receive finished products on credit for sale to their customers would have a minimum of 1000 cases of soft drinks with them at the end of each year during the Plan Period.

Consistent with the steady rise in sales that is expected during the Plan Period, it has been assumed that the figure of trade debtors that will be outstanding at the end of each year during the Plan Period will rise from 4.3% of net sales in 1992/93 to 4.6% of Net Sales in 1996/97.

17.4.7. *Accrued Charges and Other Creditors*

The level of accrued charges and other creditors outstanding at the end of each year of the Plan Period has been assumed to decrease from 3.0% of the cost of sales in 1992/93 to 2% of the cost of sales in 1996/97.

17.5. Projected Profit and Loss Accounts

The Projected Profit and Loss Accounts for the various years in the Plan Period are shown in Appendix 8. From Appendix 8, it can be seen that profit after-tax is expected to increase from USh 755.2 million in 1992/93 to USh 2520.8 million in 1996/97.

17.6. Projected Appropriation Accounts

The Projected Appropriation Accounts for the years ending 30th June, 1993 to 1997 are shown in Appendix 9.

As indicated in Appendix 9, the balance carried forward on the Company's appropriation account during the Plan Period is expected to increase from USh 1627.6 million in 1992/93 to USh 6990.0 million in 1996/97, after providing for dividends of USh 200 million, USh 300 million, USh 400 million and USh 500 million in 1993/94, 1994/95, 1995/96 and 1996/97 respectively.

17.7. Projected Cash Flow Statements

The Projected Cash Flow Statements of **LVBC** during the period 1992/93 to 1996/97 are shown in Appendix 15.

From a low beginning cash balance of USh 88.8 million on 1st July, 1992, the Company's liquidity position is expected to improve significantly during the Plan Period resulting in the Company's closing cash balance increasing from USh 1547.5 million on 30th June, 1993 to USh 2935.8 million on 30th June, 1997.

17.8. Projected Sources and Uses of Funds Statements

The Company's Projected Sources and Uses of Funds statements are shown in Appendix 15(a).

17.9. Projected Balance Sheets

The projected Balance Sheets of **LVBC** during the Plan Period ending 30th June, 1997 are shown in Appendix 16.

From Appendix 16, it can be seen that the Company's net current assets are expected to increase from USh 6100.5 million in 1992/93 to USh 8799.6 million in 1996/97. The Company's net fixed assets are also expected to increase from USh 3749.5 million in 1992/93 to USh 5144.3 million in 1996/97.

CHAPTER 18.0. EXPECTED OUTCOME OF PLAN AND CONCLUSION

18.0. EXPECTED OUTCOME OF PLAN

18.1. Production

18.1.1. *Capacity Utilization*

By the end of the Plan Period in 1997, it is expected that the following capacity utilization levels would have been achieved.

Year	Percentage Capacity Utilization (%)	Cases of Soft Drinks (Millions)
1992/93	68%	2,992,000
1993/94	74%	3,252,000
1994/95	80%	3,520,000
1995/96	86%	3,784,000
1996/97	92%	4,048,000

18.1.2. *Cost Per Unit (Case) Produced*

During the Plan Period, it is expected that the following levels of cost per unit (case) of soft drinks produced would be achieved:-

Year	Percentage Capacity Utilization (%)	Cost Per Unit (Case) Produced
1992/93	68%	2249.56
1993/94	74%	2256.27
1994/95	80%	2248.18
1995/96	86%	2241.17
1996/97	92%	2248.27

It is significant to note that the cost degression in unit production cost that is normally expected as a result of increasing capacity utilization from 68% in 1992/93 to 92% in 1996/97 is not expected to be experienced by the Company between 1992/93 and 1993/94 as well as between 1995/96 and 1996/97 due to the high levels of additional investment in production plant and machinery during those years.

18.1.3. *Pricing*

It is expected that, in order to ensure affordability of the Company's products, a constant price level of USh 5581.00 would be maintained throughout the Plan Period for all of the Company's products.

18.1.4. *Net Operating Profit to Sales Ratio*

From an estimated negative position of 9.87% at the end of 1991/92, it is expected that the ratio of net operating profit to sales will increase steadily to 24.5% by the end of the Plan Period in 1996/97.

18.1.5. *Return on Equity*

From an estimated position of 36.6% in the first year of the Plan Period *(i.e. 1992/93)*, it is expected that the ratio of net profit after-tax to equity employed by the company will increase to 47.7% by the end of the last year of the Plan Period in 1996/97.

18.1.6. *Administrative Overheads to Sales Ratio*

From a projected level of 8.6% in 1992/93. Administrative overheads as a percentage of Net Sales is expected to reduce to 3.6% in 1996/97.

This reduction is expected to be due mainly to the reduction in the number of staff employed by the Company during the Plan Period that has been recommended in this Corporate Plan.

18.1.7. *Marketing Overheads to Sales Ratio*

Due to the cost reduction mesures that are expected to be adopted by the Marketing Department of the Company during the Plan Period, it is expected that Marketing Overheads as a percentage of Net Sales of the Company will reduce from 9.79% in 1992/93 to 6.3% in 1996/97.

18.1.8. *Liquidity*

The liquidity position of the Company is expected to remain strong throughout the Plan Period with current assets as a percentage of current liabilities averaging 281.7% from 1992/93 to 1996/97.

18.1.9. *Other Expected Results of Corporate Plan*

Other expected results of the Corporate Plan between 1992/93 and 1996/97 expressed in terms of financial ratios are as shown in Appendix 17.

18.1.10. *Sensitivity Analysis*

Appendices 18 and 19 show what the results on profitability of **LVBC** are expected to be if costs increase beyond the projected levels by 10% and 20% respectively.

From Appendix 18, it can be seen that the Company would be expected to make a modest profit after-tax of USh 69.5 million in the financial year ending 30th June, 1992, if costs increase beyond the projected levels by 10%. However, profit after-tax would be expected to increase to USh 1,742 million by the end of the financial year ending 30th June, 1997.

If on the other hand, costs increase beyond the projected levels by 20%, then as shown in Appendix 19, the Company is expected to make a loss of USh 1,026.7 million in 1992/93. In 1993/94, the loss from the Company's operations is expected to increase to USh 1224.6 million before reducing to USh 110.4 million in 1994/95.

Thereafter, a profit after-tax of USh 520.2 million is expected to be made in 1995/96 from which level profit after-tax is expected to increase to USh 964.9 million by the end of 1996/97.

18.1.11. *Cash Flow Discounting*

Appendices 20, 21 and 22 show the Net Present Value of the stream of cash flows associated with the profit scenarios detailed in Appendices 8, 18 and 19.

The stream of cash flows associated with each of the profit scenarios result in the following Net Present Values *(NPV)*:-

- *Profit Scenario in Appendix 8 (i.e. no change in levels of projected cost)* - *NPV* = *USh 2356 million*
- *Profit Scenario in Appendix 18 (i.e. 10% change in levels of projected cost)* - *NPV* = *USh 1101 million*
- *Profit Scenario in Appendix 19 (i.e. 20% change in levels of projected cost)* - *NPV* = *USh 180 million*

From the Net Present Values indicated above, it can be concluded that if **LVBC** implemented the various recommendations contained in this Corporate Plan, the Company should be able to repay the rehabilitation loans which it is expected to take during the Plan Period *(USh 2384.3 million in 1992/93 and USh 1433.3 million in 1993/94)* and still make reasonable profit from its operations even if costs go up by, up to 20% more than the levels anticipated in the Corporate Plan.

18.2. Organization Structure

18.2.1. *Present Organization Chart*

The present Organization Chart of **LVBC** is shown in Appendix 23.

Most reporting relationships dictated by the present structure are not directed at linking the critical interfaces of the Company's operations.

For example, there is a poor link between the Production Department and the Stores Section which is currently under the Accounts Department.

Furthermore the finished goods store is under the Accounts Department resulting in a poor link between the Marketing Department and the Finished Goods Store.

The control and return of empty bottles and shells should be a vital role of the Marketing Department and the major weakness in the present organization structure, which has been highlighted in the foregoing paragraph has been removed by placing the Finished Goods Store under the Marketing Department in the Proposed Organization Chart.

In addition, the position of Empties Stock Control Supervisor has been created to facilitate the close and serious attention which the control of empties and shells needs to be given during the Plan Period.

At present, the purchasing function is procedurally weak and it is also given a low profile, organizationally.

With a view to strengthening the purchasing function at LVBC, it is proposed to upgrade the present purchasing unit into a procurement section which should be headed by a Procurement Officer. Since the most critical purchases in the Company are for the Production Department, it is recommended that the Production Manager must liaise more closely with the Procurement Officer, than is the case at present, between the Production Manager and the Purchasing Officer.

In order to provide proper segregation of the ordering, payment authorization, payment/control and receiving functions to enhance internal control within the Company, it is proposed that the physical custody of all stock items should be removed from the Accounts Department and placed under the Production Department.

This change should remove the present weakness under which the Accounts Department which controls stock movements also has physical custody of the same stock items. In addition, the change will facilitate closer links between the Production Department and the Stores Section.

The General Manager will be expected to continue authorizing payment for all items that will be purchased by the Company whilst the Procurement Section will be expected to place and process orders for all items to be purchased by the Company in order to provide the proper segregation of functions referred to above.

It is proposed to upgrade the Internal Audit Section of the Company into a department, which will be headed by an Internal Audit Manager as a result of the important role that the department will be expected to play in carrying out management systems audit to enhance effectiveness and efficiency during the Plan Period. Furthermore, the department will be expectd to monitor achievement of planned targets and submission of management information reports in addition to the traditional auditing functions of pre- and post-auditing of transactions.

In view of the important role that accurate and timely market information is expected to play during the Plan Period, in assisting the Company to predict demand for soft drinks, forecast consumption patterns for various market segments and generally assist with the effective and efficient distribution of the Company's products, it is proposed to appoint a Marketing Services Officer who will be assisted by a Research Assistant.

Finally, it is proposed to strengthen the position of Cost Accountant in the Accounts Department by training the incumbent and redesignating his position as Management Accountant.

Creation of the position of a Management Accountant is considered necessary in view of the integrated planning, budgeting, costing, reporting and controlling system that the Company is expected to adopt during the Plan Period as well as the critical role that the preparation and analysis of management information reports is expected to play in helping to successfully steer the Company towards achievement of its mission.

The recommendations in the preceeding paragraphs are reflected in the proposed organization charts shown in Appendices 24(a) to 24(g).

The proposed organization charts depict only reporting relationships and do not show grade. Furthermore, the charts cover only the first four levels of the organization.

18.3. Conclusion

18.3.1. All top management personnel of **LVBC** were fully involved in the various stages of developing this Corporate Plan.

18.3.2. As a result of their involvement in all stages of the development of this Corporate Plan, the Consultants believe that the Management of **LVBC** fully appreciate the need to adopt more aggressive marketing strategies in order to maintain or increase the Company's market share.

18.3.3. Furthermore, it is the view of the Consultants that the Management of **LVBC** realize the importance of adopting an integrated planning, budgeting, costing, reporting and steering system as well as the need to maintain or improve upon the quality of its products and adopt objective staff recruitment and performance appraisal methods.

18.3.4. In addition, the need for the Company to implement structured training and manpower development programmes is now fully appreciated by the Management of **LVBC** as a result of their involvement in the preparation of this Corporate Plan.

18.3.5. Consequently, the Consultants wish to appeal to the Board of Directors of **LVBC** to give Management of the Company every support and assistance to facilitate achievement of the targets that have been set in this Plan.

18.3.6. Finally, the Consultants wish to emphasize the need for close monitoring and further technical assistance to be given to the Management of **LVBC** during implementation of the various action programmes detailed in the Corporate Plan.

18.3.7. Towards this end, the Consultants considers it necessary for experts from **PIES** to provide such monitoring and assistance.

APPENDIX 1(a)

FIXED ASSETS TO BE ACQUIRED USING BORROWED FUNDS DURING THE PLAN PERIOD

YEAR 1992/93

ITEM	US $	U.SHILLING (MILLION)	TOTAL U.SH (MILLIONS)
PLANT AND MACHINERY			
i) Single Hind Gear Box for Washer	55,000.00	55.0	
ii) Sugar Dissolving Heat Exchanger	30,000.00	30.0	
iii) Centering Bell for Filler	150,000.00	105.0	
iv) Machinery for Packing and Unpacking	105,000.00	105.0	
v) Manual Change-over Switch	25,000.00	25.0	365.0
Furniture and Equipment	5,200.00	5.2	5.2
Vehicles (Marketing)			
4 Lorries	212,800.00	212.8	
2 Trailer Trucks	200,000.00	200.0	412.8
			783.0

APPENDIX 1(b)

FIXED ASSETS TO BE ACQUIRED USING BORROWED FUNDS DURING THE PLAN PERIOD

YEAR 1993/94

ITEM	US $	U.SHILLING (MILLION)	TOTAL U.SH (MILLIONS)
PLANT AND MACHINERY			
i) Workshop Machinery	20,000.00	20.0	
ii) Machineshop Machinery	12,000.00	12.0	
iii) Injection Moulder	50,000.00	50.0	
iv) Freon Gas Charging Board	5,000.00	5.0	
v) Motor Rewinding Equipment	5,000.00	5.0	92.0 365.0
VEHICLES (NON MARKETING)			
i) Co2 Truck	120,000.00	120.0	5.2
ii) Forklifts (2)	57,500.00	57.5	177.5
VEHICLES (MARKETING)			
i) Lorries (4)	212,800.00	212.8	
ii) Trailer Trucks (2)	200,000.00	200.0	412.8
			682.3

APPENDIX 1(c)

WORKING CAPITAL REQUIREMENTS TO BE MET FROM BORROWED FUNDS DURING FIRST YEAR OF PLAN PERIOD

Y E A R 1 9 9 2 / 9 3

ITEM		US $	U.SHILLING (MILLION)	TOTAL U.SH (MILLIONS)
i)	Bottles and Shells	485,750.00	485.750	
ii)	Concentrates	667,760.00	667.760	
iii)	Sugar	195,006.00	195.006	
iv)	Chemicals	25,484.00	25.484	
v)	Spares	227,300.00	227.300	1,601.30

WORKING CAPITAL REQUIREMENTS TO BE MET FROM BORROWED FUNDS DURING SECOND YEAR OF PLAN PERIOD

Y E A R 1 9 9 3 / 9 4

ITEM		US $	U.SHILLING (MILLION)	TOTAL U.SH (MILLIONS)
i)	Bottles and Shells	239,250.00	239.250	
ii)	Concentrates	201,305.00	201.305	
iii)	Sugar	145,594.00	145.594	
iv)	Chemicals	12,551.00	12.551	
v)	Spares	152,300.00	152.300	751.000

APPENDIX 1(d)

FIXED ASSETS TO BE ACQUIRED USING OWN FUNDS DURING THE PLAN PERIOD

YEAR 1 - 1992/93

ITEM	$	U.SHILLING (MILLIONS)
FURNITURE AND EQUIPMENT		
i) Computer System 2 P.C. Units with software and accessories @ 25,000 total	50,000	
ii) Vertical horizontal coolers 15 pieces @ 800.00	12,000	
iii) Electronic Typewriters (one) @ $1000.00	1,000	
iv) Electronic Calculators 2 @ 210	420	
v) Cash Counting Machines 4 @ 3245.00	12,980	
vi) Domestic Furniture $6,000	6,000	
	$82,400	82.4
LAND AND BUILDINGS		
i) Construction of a block of flats for staff $87,000		
ii) Major renovations to company property $7,500	$94,500	94.5
TOTAL		176.9

APPENDIX 1(e)

FIXED ASSETS TO BE ACQUIRED USING OWN FUNDS DURING THE PLAN PERIOD

Y E A R 2 - 1 9 9 3 / 9 4

ITEM	$	U.SHILLING (MILLIONS)
LAND AND BUILDINGS		
i) Construction of block of flats completion of first block	175,700	
ii) Major Renovations to company houses at Kansanga/Kisugu Estates	30,000	205.7
FURNITURE AND EQUIPMENT		
i) Computer system 3 Pcs	80,000	
ii) Office furniture and equipment (Same as in (ii) - (vi) in 1992/93	32,400	112.4
PLANT AND MACHINERY		
2 Forklift trucks and spares - Forklifts @ $20,000 - Forklift spares 2,300	42,300	42.3
TRUCKS		
i) 3 Tata pick-ups @ $18,166.7 - 54,500 ii) 3 Tata lorries @ $30,000 $90,000	144,500	144.5
iii) 3 Tata mini buses for transporting workers @ $20,700	62,100	62.1
T O T A L		567.0

APPENDIX 1(f)

FIXED ASSETS TO BE ACQUIRED USING OWN FUNDS DURING THE PLAN PERIOD

Y E A R 3 - 1 9 9 4 / 9 5

ITEM	$	U.SHILLING (MILLIONS)
FURNITURE AND EQUIPMENT		
As in the Year 1993/94	112,400	112.4
LAND AND BUILDINGS		
i) Construction of a second block of flats	175,700	175.7
ii) Renovations to company houses at Kansanga/Kisugu	30,000	30.0
PLANT AND MACHINERY	17,800	17.8
i) Pallets replacement 890 pallets @$200.00 - 1 Lorry $30,000 - Spares $16,600		
ii) 1 Tata lorry replacement and spares	46,600	46.6
T O T A L		382.5

APPENDIX 1(g)

FIXED ASSETS TO BE ACQUIRED USING OWN FUNDS DURING THE PLAN PERIOD

Y E A R 4 - 1 9 9 5 / 9 6

ITEM	$	U.SHILLING (MILLIONS)
FURNITURE AND EQUIPMENT		
i) 1PC and accessories	25,000	
ii) Replacement of 4 money counting machines	15,100	40.1
LAND AND BUILDINGS		
i) Completion of 2nd block of flats - $74,300 ii) Start of 3rd block $162,300	236,600	236.6
MARKETING VEHICLES		
- Pick-ups (Tata) for soda distribution - 3 Pick-ups @ 15,000 $45,000 - Spares $ 8,600	53,600	53.6
T O T A L		330.3

APPENDIX 1(h)

FIXED ASSETS TO BE ACQUIRED USING OWN FUNDS DURING THE PLAN PERIOD

YEAR 5 - 1996/97

ITEM	$	U.SHILLING (MILLIONS)
FURNITURE AND EQUIPMENT		
Same as in year 1992/93 except domestic furniture	76,900	76.9
LAND AND BUILDINGS		
- Construction of a block of flats and completion of 3rd block of flats $87,700 - Complete 4th block = 250,000 - Start 5th block 116,200	453,900	453.9
PLANT AND MACHINERY		
Replacement of Forklift trucks, pallets (5,000) plant spares (boiler etc.) - 3 Forklifts @ 20,000 = 60,000 - 5,000 pallets @ 20 $110,000 - Major Plant Spares 148,300	308,300	308.3
MARKETING VEHICLES		
Tata Trucks to replace old ones including the four (4) existing trailers - 4 Trailers @ 90,000 = $360,000 20% Spares 72,000 1 Co2 Truck and 120,000 - 5 Tata Lorries @ 30,000 150,000 Spares 17,500 167,500		719.5
TOTAL	719,500	1,558.6

APPENDIX 2(a)

(A) PROJECTED PRODUCTION: 1992/93 TO 1996/97

Year	**Projected Production**	
1992/93	2,992,000	c/s
1993/94	3,252,000	c/s
1994/95	3,520,000	c/s
1995/96	3,784,000	c/s
1996/97	4,048,000	c/s

Taking a Brand Ratio of 50:40:10 for Pepsi:Mirinda:Teem

The Projected Brand Production will be as follows:-

	YEAR				
Brand	**1992/93**	**1993/94**	**1994/95**	**1995/96**	**1996/97**
Pepsi	1,496,000	1,626,000	1,760,000	1,892,000	2,024,000
Mirinda	1,196,800	1,300,800	1,408,000	1,513,600	1,619,200
Teem	299,200	325,200	352,000	378,400	404,800

NOTE: Production of other brands (i.e. Evervess Tonic and Evervess Club Soda will be insignificant for budget purchases.

APPENDIX 2(b)

(B) PROJECTED RAW MATERIALS REQUIREMENT

	YEAR				
ITEM	**1992/93**	**1993/94**	**1994/95**	**1995/96**	**1996/97**
Sugar (Tonnes)	2,704	2,943	3,180	3,421	3,678
Concentrates (Units)					
Pepsi	1,070	1,165	1,260	1,355	1,457
Mirinda	2,602	2,828	3,061	3,291	3,538
Teem	650	707	766	823	885
Crown Corks (Cartons)					
Pepsi	3,649	3,966	4,293	4,615	4,961
Mirinda	2,919	3,173	3,435	3,692	3,969
Teem	730	794	859	923	992
NRAAF	75	80	90	100	108
Tonic	75	80	90	100	108
Empties (CFB)	149,600	162,600	176,000	189,200	203,390
Carbon Dioxide (Tonnes)	214	233	252	271	290
Kensil 90	14	15	16	18	20
Caustic (Tonnes)	50	55	59	63	67
Chain Lubricant (Litres)	6,600	7,200	7,800	8,400	9,000
Boiler Fuel (M3)	272	296	320	344	368
Sodium Hypochlorite	20	22	24	25	26

APPENDIX 2(c)

MONTH	YEAR/ITEM(S) TO BE PURCHASED					
	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
October 91	491 wu					
	835 cs					
November 91	35.000 CFB					
	12 tns					
December 91	491 wu					
	835 cs					
January	35.000 CFB	38.000 CFB	40.000 CFB	44,000 CFB	48.000 CFB	52,000 CFB
	4.750 lts	5,000 lts	5.500 lts	6,000 lts	6.250 lts	6.750 lts
February	1.665 cs	1,825 cs	1.984 cs	2,150 cs	2,310 cs	2,470 cs
	6 ts	7 ts	8 ts	9 ts	9 ts	10 ts
	12 tns	13 tns	14 tns	15 tns	16 tns	17 tns
March	491 wu	539 wu	586 wu	634 wu	682 wu	730 wu
April	35.000 CFB	38.000 CFB	40.000 CFB	44,000 CFB	48.000 CFB	52.000 CFB
	4,750 lts	5,000 lts	5.500 lts	6.000 lts	6.250 lts	6.750 lts
May	1.665 cs	1.825 cs	1.984 cs	2,150 cs	2.310 cs	2.470 cs
	12 tns	13 tns	14 tns	15 tns	16 tns	17 tns
June	539 wu	586 wu	634 wu	682 wu	723 wu	764 wu
July	38.000 CFB	40,000 CFB	44,000 CFB	48,000 CFB	50,000 CFB	52.000 CFB
	6.000 lt	6.600 lt	7.200 lt	7,800 lt	8.400 lt	9,000 lt
	4.750 lts	5.000 lts	5.500 lts	6.000 lts	6.250 lts	6.750 lts
August	1.825 cs	1.984 cs	2.150 cs	2.310 cs	2.445 cs	2,580 cs
	7 ts	8 ts	8 ts	9 ts	10 ts	11 ts
	12 tns	13 tns	14 tns	15 tns	16 tns	17 tns
September	539 wu	586 wu	634 wu	682 wu	723 wu	764 wu
October	38.000 CFB	40,000 CFB	44,000 CFB	48,000 CFB	50.000 CFB	52,000 CFB
	4,750 lts	5.000 lts	5,500 lts	6.000 lts	6,250 lts	6,750 lts
November	1.825 cs	1.984 cs	2.150 cs	2.310 cs	2.445 cs	2.580 cs
	12 tns	13 tns	14 tns	15 tns	16 tns	17 tns
	539 wu	586 wu	634 wu	682 wu	723 wu	764 wu

ABBREVIATIONS:

wu - Weighted Unit (Concentrates)

CFB - Crates full of bottles

tns - Tonnes Caustic

ts - Tonnes filtering Aid (Kensil 90)

lts - Litres (Sodium Hypochlorite)

cs - Carton Crown Corks

lts - Litres (Chain Lubricant)

APPENDIX 3

RESULTS OF REGRESSION ANALYSIS OF CONSUMPTION OF SOFT DRINKS, POPULATION AND GROSS DOMESTIC PRODUCT

YEAR	POP'000 X1	GDPPC X2	CONSP Y	LGPOP W1	LGGDPPC W2	LGCONSP Z
1981	12,952	11,912		4,11234	4,07598	2,99511
1982	13,275	12,098	1,766	4,12303	4,08271	3,24699
1983	13,607	12,614	3,923	4,13376	4,10085	3,59362
1984	13,947	11,228	5,764	4,14448	4,05030	3,76072
1985	14,296	11,136	5,002	4,15521	4,04673	3,69914
1986	14,654	10,865	5,049	4,16596	4,03603	3,70321
1987	15,020	11,245	7,865	4,17667	4,05096	3,89570
1988	15,395	11,725	15,733	4,18738	4,06911	4,19681
1989	15,780	12,150	19,961	4,19811	4,08458	4,30018
1990	16,175	12,205	28,502	4,20884	4,08654	4,45488
	145,101	117,178	94,554	41,60579	40,68380	37,84636

Regression Output (a)			Regression Output (b)		
Constant	(52)		Constant	(0)	
Std Err of Y Est	0		Std Err of Y Est	0	
R Squared	1	(0.9329)	R Squared	0	(0.002)
No of Observations	10		No. of Observations	10	
Degress of Freedom	8		Degress of Freedom	8	
X Coefficient(s)	14		X Coefficient(s)	1	
Std Err of Coeff.	1		Std Err of Coeff.	8	

NOTE: Trends in consumption of Soft Drinks when correlated with growth in population show that population growth was a major factor in driving consumption of Soft Drinks. A 1% growth in population was associated with 13.5% growth in consumption.

(An increase of 1000 in population resulted in an increase of 7550 litres in consumption).

APPENDIX 4

PROJECTION OF SOFT DRINKS CONSUMPTION

Year	Population + (Millions)	Projected/Actual Consumption (Millions of Crates)
1988	16.00	2.2M
1989	16.48	2.8M
1990	16.97	3.9M
1991	17.48	4.5M*
1992	18.00	5.7M*
1993	18.54	8.5M*
1994	19.10	12.4M*
1995	19.67	18.1M*
1996	20.26	26.4M*
1997	20.87	29.9M*

+ *Population Growth Rate is Projected at 3% Per Annum.*
* *Projected Consumption.*

APPENDIX 5(a)

GENERAL MANAGER 1

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. Plan activities of the company to enable it achieve its goals and monitor performance.	. Oversee preparation of corporate plan.	General Manager	. Ensure Draft Corporate Plan is finalised and submitted to the Board for approval.	30th Nov. 1991.	Proposed corporate plan.	31st Dec. 1991.	. Ensure that the Corporate plan serves as the basis of all annual budgets during the plan period.	General Manager	30th June, 1997.
		. Arrange for Corporate Plan to be approved by the Board.	General Manager							
		. Oversee preparation of annual budgets.	General Manager	. Monitor actual results and compare to corporate plan and budgeted targets.	. Daily, weekly, monthly, quarterly, and annually up to 30th June, 1997.	. Monthly reports to the Board of Directors. . Quarterly reports. Final Accounts, Budget and Corporate Plan to the Board of Directors.	. Not later than two weeks before next scheduled board meeting up to 30th June, 1997.	. Ensure bankable proposal is prepared from the corporate plan and secure loan for rehabilitation. . Obtain reaction of board to all reports, take necessary corrective action and implement policies of the Board of Directors.	General Manager	Immediately upon receipt of Board Directives/ reaction up to 30th June, 1997.

GENERAL MANAGER 2

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		. Undertake strategic financial planning	.General Manager	. Monitor actual results and compare to financial/ working capital management plans	Daily, weekly, monthly, quarterly, and annually up to 30th June 1997.	Monthly and Quarterly Reports to the Board of Directors.	. Not later than two weeks before next secheduled Board Meeting up to 30th June, 1997.	. Obtain reaction of Board to reports and take necessary corrective action.		Immediately upon receipt of Board reaction up to 30th June, 1997.

GENERAL MANAGER 3

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETIO[N] DATE FOR FOLLOW-UP ACTION
	2. To re-organise company's organisa-tional structure to achieve better strategic direction more effective internal control and to ensure achievement of the company's goals.	. Oversee reorganisation of the market-ing, production and internal audit department to ensure greater effectiveness, better internal control and efficiency	General Manager.	. Oversee appropriate inter-departmental redeployments. . Oversee re-designation of various position titles.	31st May, 1992.	. Memorandum to the Board of Directors on redeployments and redesigna-tions of staff.	31st Jan. 1992.	. After approval of the Board, submit a memorandum to the Personnel Manager/ Company Secretary to give directives on - Redeployments - Redesignations - Reorganisation of Departments and - New appointments.	General Manager	By 31st March 1992. Thereafter carry out other neces-sary review of th[e] organisation structure, staff designations and new appointments as appropriate u[p] to 30th June, 1992.
				. Oversee re-organisation of production, marketing and Internal Audit Departments.		. Memorandum to the Board of Directors for approval of the proposed re-organisation of departments.	31st Jan. 1992.			
				. Oversee appointment of new officers - Research Assistant. - Assistant Internal Audit Officer (systems).		. Memorandum to the Board of Directors on the new staff to be appointed.		Request from Heads of Department reports on per-formance of staff after re-deployments re-designations and new appointments.	General Manager	Not later than three months after assumption of duty to new employees or aft[er] redeployments/ redesignation of staff.

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	3. To steer and control Lake Victoria Bottling Company Ltd. to achieve its mission.	. Arrange and chair monthly management meetings to review the following:- - Profit and Loss Account - Balance Sheet - Cash Flow Statements - Cash Budget - Sales Reports - Production Reports - Personnel Reports - Internal Audit Reports - Other Management information reports. - Chair other management meetings as necessary. . Monitor daily operations and give guidance of directives as necessary.	General Manager.	. Review overall performance as highlighted in reports and take corrective action to - Improve overall performance in subsequent months.	Not later than one week after management meeting up to 30th June, 1997.	. Relevant extracts of monthly and quarterly reports on the company's performance to the Board of Directors.	Not later than two week after management meeting up to 30th June, 1997.	. Obtain reaction of the Board of Directors to various reports that are submitted to it and carry out Board Directives.	General Manager	. Immediately upon receipt of Board reaction up to 30th June, 1997.
				- Remove weaknesses in internal control and management systems. - Motivate staff to exceed targets.		- Final Draft Accounts and Audited Final Accounts to the Board of Directors.	Same as above.	Same as above.	General Manager	Same as above
				- Review performance in specific areas of LVBC operations and take corrective action.	Not later than one week after management meeting up to 30th June, 1997.					
				- Give daily directives and guidance to staff as necessary.	Daily up to 30th June, 1997.	Give necessary queries and provide guidance as necessary.	As and when necessary up to 30th June, 1997.	. Ensure that the right action is taken by all Heads of Dept. in response to queries.	General Manager	. Daily up to 30th June, 1997.

STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETIO[N] DATE FOR FOLLOW-UP ACTION
		. Oversee preparation of Board papers and attend all Board meetings.	General Manager.	. Oversee distribution of Board Papers.	Three weeks before each Board meeting up to 30th June, 1997.	. Monthly Performance Reports. . Quarterly Reports. . Annual/Final Accounts . Budgets . Corporate Plan.	Two weeks before each Board meeting up to 30th June, 1996.	. Obtain reaction of the Board of Directors to various reports that are submitted to it and carry out Board Directives.	General Manager	. Immediately up[on] receipt of Board reaction up to 30th June, 1997.
		. Ensure import of raw materials, spare parts, and other inputs for production are done on time.	General Manager	Monitor performance/activities of purchasing and other departments.	. Daily up to 30th June, 1997.	N/A	N/A	. Undertake continous high-level lobbying to ensure quick approval of all forex applications submitted to the Bank of Uganda.	General Manager	Whenever necessa[ry] up to 30th June, 1997.
		. Determine prices of finished products with assistance from Marketing Manager and Chief Accountant	General Manager	. Review detailed costing report on each batch and determine prices, retailer incentives and company profit margin.	. After each batch up to 30th June, 1997.	. Price list to Marketing Manager indicating incentives for retailers.	. Before close of day on which batch is produced	. Monitor sales and adjust prices per market segment as necessary.	General Manager.	. Continue monitoring as necessary during plan period up to 30th June,97.

STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		. Appraise of evaluate performance of Heads of Departments.	General Manager.	. Complete performance evaluation forms for each Head of Department.	By 31st July, of every year during the plan period up to 30th June,97.	. Complete Performance evaluation forms for personal files of Heads of Departments.	By 15th August yearly up to 30th June, 1997.	Monitor performace of Heads of Departments and ensure imporvement in all areas where they are weak.	General Manager	. Continue monitoring as necessary during the plan period up to 30th June, 1997.

MARKETING 1

GENERAL/DEPARTMENT

APPENDIX 5(b)

CORPORATE PLAN 1992 TO 1996

STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETIC DATE FOR FOLLOW-UP ACTION
	. Re-organise Department to enhance effectiveness and efficiency.	1. Create marketing and sales sections in Department.	1. Marketing Manager.	. Ensure Marketing and sales sections are properly staffed and arrange induction/ orientation programmes for new staff.	30th June, 1992.	1. Submit memorandum on recommendations for redeployments to Personnel Manager.	31st Jan. 1992.	1. Monitor and appraise staff performance ater re-deployments.	Marketing Manager	. Continue monitoring as necessary during the plan period up to 30th June, 1997.
						b) Submit memo on new staff requirements to Personnel Manager.	31st Jan. 1992.	b) Ensure staff are recruited on time.		
						c) Submit details of induction/ orientation programmes to be followed by new staff and sectional heads		c) Submit performance reports on new staff to Personnel Manager for their confirmation after their probationary periods.		c) Continue to monitor staff performance and take corrective action up to 30t June, 1997.
		2. Carry out necessary re-deployments from within department to fill the positions of marketing services officer and sales officer.		2. Issue all staff with job descriptions.		2. Job descriptions to staff in all sections	30th June, 1992.	2. Ensure all jobs carried out are in conformity with job descriptions.	Marketing Manager	Same as above.
		3. Place finished goods store under sales officer.		3. Set staff performance targets for staff in all sections.				3. Continue to appraise all staff performance as necessary.	Marketing Manager	
		4. Initiate atcion for Research Assistant and Senior Sales Supervisor (up-country) to be recruited.								

MARKETING 2

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2. Ensure balanced and uninterrupted supply of LVBC products to all market segments.	1. Determine projected sales Mix report to Production Manager.	Marketing Manager.	. Prepare and send projected sales Mix report to Production Manager.	31st Oct. yearly during the plan period	Projected sales mix reports.	31st Oct. yearly.	Ensure Production Department produces correct quantities of brands as indicated on sales mix report.	Marketing Manager through Sales officer and Finished Goods Store-keeper.	Daily up to 30th June, 1997.
		2. Ensure optimum distribution of brands to various market segments.		a) Monitor stock positions, liaise with production manager and ensure daily sales targets met. b) Undertake at least 2 field trips to monitor marketing activities.	30th June, 1997.	Daily sales report and empties stock position report to Marketing Manager.	by 10.00 a.m of following day.	Take necessary corrective action.	Marketing Manager through Sales officer and Marketing Services officer	Daily up to 30th June, 1997.
	3. Prepare comprehensive marketing programmes for the company.	a) Brief Sectional Heads on Marketing objectives of company	Marketing Manager	a) Submit memorandum to sectional Heads for them to submit their sectional, programmes to the Marketing Manager.	By 30th April, yearly up to June,97.	Sectional Programmes to Marketing Manager.	31st May yearly up to 30th June, 1997.	1. Consolidate all sectional programmes into Dept. programmes.	Marketing Manager.	End of June yearly up to 30th June, 1997.
	4. Ensure adequate financial support is provided for Departmental programme.	Prepare draft Departmental Budget.	Marketing Manager	a) Quantity cost of departmental programme and incorporate in Departmental Budget.	End Feb. yearly up to 30th June, 1997.	Draft Departmental Budget to Chief Accountant.	31st March yearly up to 30th June, 1997.	Attend Budget hearing meeting.	Marketing Manager.	31st May yearly up to 30th June, 97.

MARKETING 3

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	5. Gain Intimate knowledge of markets and customer requirements.	Undertake comprehensive market research.	Marketing Manager.	1. Define Marketing Research objectives and set targets/covering areas such as:- a) Total national consumption of soft drinks/demand. b) LVBC market share analysis. c) Brand Performance. d) Market Segment performance. e) Distribution channel performance. f) Effectiveness of Advertising and promotion. g) Product innovation h) Product sales -mix. i) Market statistics j) Competition	30th June, 1997.	Memo on marketing research objective and target to marketing services officer.	As and when necessary during plan period up to 30th June, 97.	1. Ensure targets set for Marketing Research activities are met through reviewing reports that are submitted. 2. Make personal follow-up of research findings for confirmation purposes.	Marketing Manager	Up to 30th June 1997.

MARKETING 4

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(5) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETI[ON] DATE FOR FOLLOW UP ACTION
	6. Increase productivity of Marketing Department Personnel.	a) Train salesmen.	Marketing Manager.	1. Arrange suitable on-th-job training schemes for salesmen.	up to 30th June, 1997.	1. Periodic exceptional performance reports to personnel Manager.	By 15th August yearly up to 30th June, 1997.	Monitor performace of Heads of Departments and ensure imporvement in all areas where they are weak.	General Manager	. Continue monitoring as necessary durin[g] the plan period up to 30th June, 1997.
				2. Monitor performance of salesmen.	Up to 30th June, 1997.					
				3. Arrange for identified training gaps to be filled by outside courses, attachements and in-house training sessions.	Up to 30th June, 1997.	3. Copies of Certificates of employees to be forwarded to Personnel Manager.				
				4. Appraise performance of salesmen.	After each training session, quarterly & annually up 30th June, 1997.					
				5. Arrange for deserving salesmen to be given incentives.	After achievement of specific targets and on quarterly basis.	Letter/Memo to General Manager for approval of incentives.				

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				6. Examine ways of equalizing earnings of Depot Personel and Head Office Personnel.						
		b) secure sufficient transport for selling activities.	Marketing Manager.	. Determine optimal mix of own transport and hired trans-port for selling activities.	By 31st Dec. 1991	. Memorandum on conclusions of study to General Manager	By 31st January 92	. Maintain optimal mix of own vehicles and hired vehicles during plan period up to 30th June, 1997.	Marketing Manager	Continue to deter mine optimal mix of own vehicles and hired vehicle up to 30 June, 1997.
				. Put in request for additional vehicles to be acquired.	By Jan.92 and when-ever necessary up to 30th June, 1997.	. Submit vehicle requirement as part of Depart-mental budget.	By February 1992 and whenever necessary up to 30th June, 1997.	Ensure orders are placed for new vehicles	Marketing Manager	Commission and us new vehicles up t 30th June, 1997.

MARKETING 5

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	7. Ensure effective planning and control of marketing activities	1. Monthly and Quarterly review of Departmental achievements in terms of their contribution towards the company's vision	Marketing Manager	1. Ensure monthly and quarterly submission of performance reports by sectional Heads.	Latest by end of 1st week of next month or quarter of assessment.	Monthly and Quarterly Sales Summary.	Latest end of 1st week of next month or quarter of Assessment.	1. Analyse performance of Department and steer departmental activities to ensure that company vision is achieved.	Marketing Manager	By 15th of next month following month or quarter of submission up to 30th June 1997
		b) secure sufficient transport for selling activities.		. Compare actual sectional achievements against planned port for selling targets.	Same as above.	Monthly and Quarterly analysis of sectional performance.	Same as above.	Same as above	Marketing Manager	Same as above
				3. Analyse variances and take necessary action.						
		2. Ensure regular checks of Depot activities and motivate Depot staff.	Marketing Manager	1. Liaise with Internal Auditor for regular audit check of Depot activities	Without notice throughout the plan period.	Copies of 1. Audit Reports to be received by Marketing Manager	Not later than two days after return from Inspection visit.	1. Take necessary action to control Depot activities based upon recommendations in inspection report	Marketing Manager	Continue up to 30th June, 1997.
				2. Conduct surprise visits to check Depot activities.	Up to 30th June, 1997.	2. Surprise Depot Inspection Report	Same as above	Same as above.	Marketing Manager.	Same as above.

MARKETING 6

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. Maintain a high standard of discipline in department	Monitor performance and conduct of staff in department.	Marketing Manager	1. Ensure Sectional Heads authority limits are clearly stated and communicated to subordinates.	31st Jan.92	Memo on authority limits to all Sectional Heads	31st Jan.92	1. Enusre that authority limits are complied with and not exceeded	Marketing Manager	Continue throughout the plan period up to 30th June, 1997.
				2. Ensure Sectional Heads submit Quarterly appraisals of all staff in their sections.	Latest by 15th of next month following quarter under review.	Staff performance appraisal form.	15th of next month following quarter under review.	1. Ensure staff Improve upon areas of weak assessment. 2. Arrange incentives for staff showing outstanding performance and conduct.	Marketing Manager	Continue up to 30th June, 1997.

APPENDIX 5(c)

PRODUCTION 1

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETI[ON] DATE FOR FOLLOW UP ACTION
	1. Improve capacity utilisation as follows:- 62%-1992 68%-1993 74%-1994 80%-1995 86%-1996 92%-1997	1. Complete necessary re-habilitation of production plant and equipment.	Product-ion Manager.	Arrange for procurement section to 1. Acquire:-		1. Memorandum Proforma Invoice and overseas indents to General Manager for approval.		a) Ensure orders are placed for plant, equipment spare parts and other items by pro-curement officer in good time to ensure balanced and unin-terrupted product-ion and other operations. (Refer to attached procurement/ programme.	Production Manager	
				. Sugar Dissolv-ing Heat Exchanger	31st July,92		31st Jan.92			28th Feb. 1992
				. Centering Bell for filler	31st July,92		31st Jan.92			28th Feb. 1992
				. Single Hind Gear Box for washer unit	31st July,92		31st Jan.92			28th Feb. 1992
				.Co2 Truck	31st July,92		31st Jan.93			28th Feb. 1992
				. Forklifts (2)	31st July,93		31st Jan.93			28th Feb. 1993
				. Machinery for Packing and unpacking of bottles.	31st July,92		31st Jan.92			28th Feb. 1992
				. Acquire nece-ssary spares for workshop equipment and tools.	31st July,93		31st Jan.93			28th Feb. 1993
				. Acquire other necessary items.	31st July,92	Memorandum, proforma Invoice and overseas indents/local purchase orders to General Manager for approval.	31st Jan.92	a) Ensure orders are place for plant, equipment vehicles, spare parts and other items by procure-ment officer in good time to ensure balanced and unin-terrupted product-ion and other operations.		28th Feb. 1992
				. Machine shop equipment	30th July,93		31st Jan.93			28th Feb. 1993
				. Injection mould	30th July,93		31st Jan.93			28th Feb. 1993
				. Freon Gas charging Board	31st July,93		31st Jan.93			28th Feb. 1993
. With reference to a practical capacity of 4.4. million cases over 251 two-shift days per year.				. Laboratory equipment and chemicals	31st July,92		31st Jan.92			28th Feb. 1992
				. Manual change	31st July,92		31st Jan.92	Same as above		28th Feb. 1992

PRODUCTION 1 CONT'D

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETI DATE FOR FOLLOW UP ACTION
				- Over switch						
				. Motor rewinding equipment	31st July,93		31st Jan.93			28th Feb. 1993
				. Ion Exchanger	31st July,92		31st Jan.92			28th Feb. 1992
				. Water tanks	31st July,92		31st Jan.92	Same as above		29th Feb. 1992
				. Electrical control and monitoring equipment for water Reclamation pilot project.	31st July,92	Memoranda, proforma invoices and overseas indents/local purchase orders to General Manager for approval.	31st Jan.92	Ensure procurement of inputs for water reclamation pilot project is completed by 29/2/92 and thereafter Construct Pilot water reclamation project commission it and test results of water reclamation.	Production Manager	29th Feb. 1992 procurement and 30th Sept. 1992 for completion project as well testing of results.
								1.b) Ensure orders and forex applications are followed up regularly to ensure arrival of items ordered on item.		1.b) Continue t lobby for promp approval of all forex applicati and prompt despatch of all orders up to 30 June, 1997.

PRODUCTION 2

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2. Achieve balanced and uninterrupted production throughout plan period.	2. Prepare Bil of mterials on inputs required for production one year ahead of schedule during plan period.	Product-ion Manager	2. Prepare detailed bill of materials and procurement schedule to guide the procurement officer in his purchasing activities	2. 31st August 1991 and there-after by 28th Feb. of each year of the plan period up to 30th June, 1997.	2. Bill of materials showing details of all inputs required for production to procurement officer	2. 28th Aug. 1991 and there-after by 15th Jan. of each year of the plan period up to 30th June, 1997.	2. Ensure procurement officer obtains General Manager's approval and places orders for production inputs spares, and other materials/ items required by the company in good time. 2.b) Ensure procurement officer follow-up of orders to ensure prompt delivery of items ordered.	2. Production Manager.	28th Feb. 1992 and thereafter by 28th Feb. of each year of the plan period up to 30th June, 1997.

PRODUCTION 3

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW UP ACTION
		2.b) Carry out planned and preventive maintenance schemes.	Production Manager through Mechanical Engineer	Daily scheduled maintainance . FILLER . Check and correct faults with - Spreader Rubber, - Vent Tube - Bottle to valve sealing - Sniff cam - Outside valve - Valve closer - Valve opener - Bottle lift - Life Cylinder tube - Rotary Joint - Crowner Rests . BOTTLE WASHER . Clean - Rinsing Tanks - Pre-Rinsing Water Tanks.	Daily up to 30th June, 1997.	Daily scheduled maintenance book.	Latest by close of day or first thing on next day up to 30th June, 1997.	Ensure daily inspections are carried out. Correct all detected faults, change parts, lublicate/grease as necessary.	Production Manager through Mechanical Engineer.	Continue daily to 30th June, 1997.

PRODUCTION 4

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				Weekly Maintainance . FILLER . Check and rectify - Rotary Joint - Bottle lift Cylinder - Maindrive - Infeed scroll and Drive - Bottle handling guides BOTTLE WASHER Check - Oil levels in Reduction Gears - Condition of cam follower Tension Spring infeed/Dis-charge - Main caustic spray jets Lubricate - Rotating seal of Air Distributor	Weekly up to 30th June, 1997.	Weekly scheduled maintenance book.	Latest by close of first working day of next week up to 30th June, 1997.	Ensure weekly inspections are carried out and all necessary faults corrected as necessary.	Production Manager through Mechanical Engineer.	Continue weekly up to 30th June, 1997.

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				Monthly BOTTLE WASHER . Inspect main and interme-diate trans-mission Drive chains, grease them and correct tension.	Monthly up to 30th June, 1997.	Weekly scheduled maintenance book.	On first day of next month up to 30th June, 1997.	Ensure monthly scheduled maintenance is carried out and faults rectified.	Production Manager through Mechanical Engineer.	Continue every month up to 30th June, 1997.
				TWO-MONTHLY BOTTLE WASHER - Clean and lubricate steam control valves.	Once every two months up to 30th June, 1997.	Two-Montly scheduled maintenance book.	On first day of next two-monthly period up to 30th June, 1997.	Ensure two-monthly scheduled maintenance is carried out and faults rectified.	Same as above	Continue every two-monthly period up to 30th June, 1997.
				HALF-YEARLY Bottle Washer - Carry out maintenance of Bottle Carrier Adjust main carrier chain Straighten carriers or cells. - Rotating seal of Air Distributor			On first day of next half-yearly period up to 30th June, 1997.	Ensure half-yearly maintanence is carried out and all faults corrected.	Same as above	Continue every half-year up to 30th June, 1997.

PRODUCTION 6

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				YEARLY Filler - Carry out year end overhaul of filler. Bottle Washer - Drain out and overhaul Boiler - Carry out yearly over-haul	Monthly up to 30th June, 1997.	Weekly scheduled maintenance book.	On first day of next month up to 30th June, 1997.	Ensure yearly scheduled maintenance is carried out all faults detected rectified and factory inspector to be present during inspection of boiler.	Production Manager through Mechanical Engineer.	Continue every year up to 30th June, 1997.
				PERIODIC Bottle Washer - Clean friction rim of main drive Pneumatic Clutch - Service water control Diaphram valves - Inspect and grease Main Line Drive Shaft - Replace main drive pneuma-tic clutch, if necessary	Periodically up to 30th June, 1997.	Periodic scheduled maintenance book.	On first day of next Last within two days of periodic inspection during plan period up to 30th June, 1997.	Ensure periodic scheduled maintenance is carried out and detected faults corrected.	Production Manager through Mechanical Engineer.	Continue periodically when-ever necessary during the plan period up to 30th June, 1997.

PRODUCTION 7

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Carry out planned and preventive maintenance schemes.	Production Manager through Electrical Engineer	DAILY SCHEDULED MAINTENANCE Boiler - Monitor temperature, pressure and flu gases Water Treatment System - Check inlet/ outlet valve condition - Check pressure guage readings Bottle Washer and Create Washer - Analyse performance . Take load current readings (main drive) Refigeration Equipment - Take load current readings, temperature and pressure readings. Filler and Crowner - Monitor load currents Pre-Mixer Monitor.	Daily up to 30th June, 1997.	Daily scheduled maintenance book.	Latest by close of day or first thing on next day up to 30th June, 1997.	Ensure daily inspections are carried out and all faults detected rectified.	Production Manager through Electrical Engineer.	Continue daily up to 30th June, 1997.

PRODUCTION 7 CONT'D

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				load currents of Duplex pump Cold Room - Check tempera-tures and thermostats. Lighting - Check all Lighting Systems.	Daily to 30th June,1997.	Daily scheduled maintanance book.	Latest by close of day or first thing on next day up to 30th June, 1997.	Ensure daily inspections are carried out and all faults detected rectified.	Production Manager through Mechanical Engineer.	Continue daily up to 30th June, 1997.

PRODUCTION S

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				WEEKLY Bottle Washer and Create Washer . Check start and stop buttons on operating consoles. Systems. Other Plant and Equipment . Check all parts and carry out scheduled maintenance.	By end of each week of plan period up to 30th June, 1997.	Weekly scheduled maintenance book to Production Manager.	Latest by close of first wrok-ing day of next week day up to 30th June, 1997.	Ensure weekly scheduled mainenance is carried out and all detected faults corrected as necessary.	Production Manager through Electrical Engineer.	Continue weekly up to 30th June, 1997.

PRODUCTION S CONT'D

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				MONTHLY Boiler - Make safety checks - Check electrical control panel, water pump and starter, oil pump and starter - Check Burner and Heating System - Check high tension leads (electrodes)	By end of each month during plan period up to 30th June, 1997.	Montly scheduled maintenance book to Production Manager.	Latest by close of first wrok-ing day of next week day up to 30th June, 1997.	Ensure monthly scheduled maintenance is carried out and all detected faults corrected as necessary.	Production Manager through Electrical Engineer.	Continue monthly up to 30th June, 1997.

PRODUCTION 9

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				MONTHLY Water Booster - Check motor starting gears bearings, chlorine Dosing Pump and Water treatment panel.	By end of each month of the plan period up to 30th June, 1997.	Montly scheduled maintenance book to Production Manager.	Latest by close of first wroking day of next month day up to 30th June, 1997.	Ensure monthly scheduled maintenance is carried out and all detected faults rectified.	Production Manager through Electrical Engineer.	Continue monthly up to 30th June, 1997.
				Bottle Washer/ Create Washer - Check washer panel contactors - Lubricate all necessary parts - Check condition of bearings and solenoid valves Refrigeration Equipment - Check and service panels	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above
				Tools and Equipment - Inspect and service generators, welding sets, Drilling machines Grinding machines Lathe machines and all hand tools.	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above

PRODUCTION 10

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				MONTHLY Conveyor - Check starter panels - Check all other parts Filler and Crowner - Check main motor drives and micro switches		Montlv scheduled maintenance book to Production Manager.	Latest by close of first wrok-ing day of next month day up to 30th June, 1997.	Ensure monthly scheduled maintenance is carried out and all detected faults rectified.	Production Manager through Electrical Engineer.	Continue monthly up to 30th June, 1997.
				- Grease bearings Pre-Mixer - Inspect motor, starters and control panel.	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above
				Cold Room - Service Control Panel TWO-MONTHLY Boiler - Check solenoid valves, water level controls and pressure cut-offs. Bottle Washer and Create Washer		Same as above	Same as above	Same as above		
				- Check micro switches and cable glandings Grinding	Every two months up to 30th June.97	Two-montlv scheduled maintenance book to Production Manager.	Latest by close of first working day of next two-monthly period up to 30th June, 1997.	Ensure each two-monthly scheduled maintenance is carried out and all detected faults corrected.	Production Manager through Electrical Engineer.	Continue every two-monthly period during the plan period up to 30th June, 1997.

PRODUCTION 11

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				FOUR MONTHLY All machines plant and Equipment - Check foundations, spray/paint as necessary.	Be end of each four-monthly period up to 30th June, 1997.	Four-Montly scheduled maintenance book to Production Manager.	Latest by end of first wrok-ing day of next four-monthly period up to 30th June, 1997.	Ensure that each scheduled four-monthly period maintenance is carried out and all faults rectified.	Production Manager through Electrical Engineer.	Continue with scheduled four-monthly maintenance up to 30th June, 1997.
		2.c) Arrange training schemes for staff in Department	Production Manager.	2.c) Determine on-the-job training programmes for all staff.	As required during plan period up to 30th June,97.	. Detailed on-the-job training programmes to Personnel Manager.	. After each round of on-the-job training.	. Assess improvement in performance of staff as result of training received.	Production Manager	Continue assessment of effectiveness of training throughout the plan period up to 30th June, 1997.
				. Contact Personnel Department to arrange external training courses for staff.		. Progress reports on both on-the-job and off-the job training courses to be submitted to the Personnel Manager.	. After each course during plan period up to 30th June 1997.			

PRODUCTION 12

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Intensify quality control efforts	Production Manager	Ensure commissioning of new laboratory equipment and their effective use	througout plan period up to 30th June, 1997.	Quality control reports to Production Manager	After each Batch but within 12 hrs. of end of Batch.	Initiate corrective action to improve quality of products.		
		Undertake product innovation studies and process/spares innovation/fabrication		. Research into possibility of bottling new soft drinks using local fruits and local inputs. . Undertake fabrication of spare parts . Assist market research function.	Throughout plan period up to 30th June, 1997	Quality controller to submit new findings report to Production Manager monthly monthly or quarterly as necessary.	By end of first week of following month or quarter during plan period up to 30th June, 1997.	. Submit reports on major findings to General Manager . Arrange for employees who make outstanding fabrication of spares to be rewarded with incentives as necessary.	. Production Manager. . Production Manager	Continue with product innovation studies and continue to encourage fabrication of spares throughout plan period up to 30th June, 1997.
	. To achieve production targets without polluting the environment	Intensify pollution control efforts	Production Manager	. Take regular monthly samples of factory effluent to Government Chemist for testing and certification of levels of environmental pollution, if any.	Monthly up to 30th June, 1997.	. Certificate of Analysis by Government Chemist to be obtained and forwarded to the General Manager for his examination	. Not later than two days after receipt of certificate	. Take corrective action by installing a cost effective pollution control mechanism if an unacceptably high level of pollution is established.	Production Manager	. Continue with pollution control measures up to 30th June, 1997.
				. Take regular weekly samples to factory effluent for examination by quality controller.	Weekly up to 30th June, 1997.	. Factory Effluent Examination/Testing Report to Production Manager.	Latest by close of day on first day of next week.	Same as above	Same as above	Same as above.

PRODUCTION 13

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		Improve Productivity of staff.	Product-ion Manager	. Set Production targets . Monitor performance . Complete performance evaluation forms.	Before end of each year during plan period and whenever necessary.	. Memoranda on productivity bonuses to Personnel Manager . Performance evaluation forms to Personnel Manager.	Before 30th June, of each year during the plan period up to 30th June, 1997 and when-ever necessary up to 30th June, 1997.	. Continue to motivate workers to improve upon areas of weak assessment and to meet future targets.	Production Manager.	Continue with action to improve productivity throughout plan period up to 30th June, 1997.
				. Discipline staff.	Up to 30th June, 1997.	. Querries and memoranda on staff conduct and performance to Personnel Manager.	. Not later than one working day after each incident requiring disciplin-ary action	. Ensure discipli-nary action directed by Personnel Manager is carried out.	Production Manager.	Continue with disciplinary measures up to the end of the plan period (i.e up to 30th June, 1997).
				. Carry out necessary re-deployments of staff in Department.	Before 30th June, 1992.	. Memorandum on staff re-deployments to Personnel Manager.	. Before 31st July, 1992.	. Monitor perform-ance of re-deployed staff.	Production Manager	. Continue to monitor perform-ance up to 30th June, 1997.

PRODUCTION [illegible]

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	To reduce cost in all facets of Departmental activity.	Instill cost, safety and efficiency conciousness in all staff.	Production Manager.	1. Organise quarterly cost safety and efficiency improvement meetings with staff.	Before end of each quarter up to 30th June, 1997.	Reports on reductions in rate of breakage of bottles, half fills, spillage etc. to Production Manager on daily basis up to 30th June, 1997.	At the end of each day up to 30th June, 1997.	Monitor gains in cost reduction and decreases in bottle breakages, half fills and injuries on-the-job and take necessary corrective action.	Production Manager.	Continue with cost reduction, safety Improvement and efficiency enhancement indoctrination of staff up to 30th June,97.
		. Undertake cost reduction measures.	Production Manager.	. Construct pilot water reclamation project to recycle 70% of water used at factory when fully operational.	31st Dec.92	Progress reports on Pilot Project to General Manager	Monthly up to 30th June, 1997.	. Determine cost savings from using recycled water . Ensure bottle washing is effectively done.	Production Manager	30th June, 1997.
				. Determine optimal mix of local and imported sugar for production of soft drinks that will not affect quality standards but will reduce cost	30th June,92	Quality control reports and cost savings reports to General Manager	Weekly up to 30th June, 1997.	. Determine cost savings from using an optimal mix of local and imported sugar.	Production Manager	30th June, 1997.
	. Ensure department has sufficient funds for all departmental operations.	. Prepare Departmental Budget.	Production Manager	. Complete standardized budget form for department Attend budget hearing meetings . Obtain and be guided by approved budget.	30th June, yearly during plan period.	Completed standadized Budget Form to Chief Accountant. Approved Budget	30th June, yearly up to 30th June, 1997.	Monitor performance and compare actual results to planned targets and take corrective action.	Production Manager	. Continue to monitor and improve actual results up to 30th June, 1997.

APPENDIX 5(d)

ACCOUNTING 1

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. Modernise accounting system.	1. Improve planning and budgeting system.	Chief Account-ant.	1.a) Review projected sales summary prepared by marketing department and determine relative revenue	28th Aug. 1991.	1. Draft corporate plan for 1992 to 1996 for consideration by management.	30th Sept. 1991.	1.a) Ensure draft corporate plan is amended as necessary after it has been considered by management and prepare final draft corporate plan.	Chief Accountant.	
						b) Review procurement schedule cover-ing materials for production capital expenditure from 1992-96 and estimate relative cost.		b) Arrange meeting of General Manager and all Heads of Dept. to adopt final draft of corporate plan.		30th Nov. 1991.
						c) Determine other expendi-ture during 1992-96		c) Ensure copy of final draft of corporate plan is forwarded to the General Manager for onward trans-mission to the Board of Directors through the Board Finance Committee.		
						d) Prepare projected cash flow statement for 1992-96				
						e) Prepare projected sources and uses of funds statements				

ACCOUNTING 2

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				i) Make necessary adjustments to corporate plan after comments of directors at finance committee level and full board level.	15th Dec.91	Final corporate plan	31st Dec. 1991	1) Submit copies of final corporate plan to General Manager, all Heads of Department and sectional Heads for their guidance.	Chief Accountant.	Latest end of first week in January 1992.

ACCOUNTING 3

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		2.) Develop standardised budget proposal format for use by all departments when submitting budget proposals.	Chief Accountant.	2.a) Distribute budget proposal to all Heads of Department.	31st Dec.91	a) Budget proposal form.	31st Dec. 1991	Ensure budget proposal forms are distributed to all Heads of Department completed and returned by them on time. (Budget proposal forms should also be completed by the Chief Accountant).	Chief Accountant.	15th Dec. 1992 and thereafter by 28th Feb. of each year up to 30th June, 1997.
				b) Consolidate departmental budget proposals	31st March 1992 and 31st March, yearly up to 30th June,97.	b) Draft budget to General Manager and Heads of Department.	2nd April, 1992 thereafter 2nd April yearly up to 30th June, 1997.	b) Ensure budget is reviewed and endorsed by General Manager and Heads of Department.	Chief Accountant	15th April,92 and thereafter by 15th April, yearly up to 30th June, 1997
				c) Prepare final draft budget document.	5th May, 92 and thereafter 5th May, yearly up to 30th June, 1997.	c) Draft final budget to company secretary for onward transmission to Finance Committee of Directors.	10th May, 1992 and thereafter 10th May, yearly to 30th June 1997.	c) Present and receive comments of finance committee on budget and make necessary adjustments to budget.	Chief Accountant	20th May, 1991 and thereafter by 20th May, yearly up to 30th June, 1997.
				d) Submit amended budget to full board for approval.	31st May,92 and thereafter 31st May, yearly.	Proposed budget to full board.	31st May, 1992 and thereafter 31st May, yearly up to 30th June, 1997.	d) Present and receive comments of full board on budget and make necessary changes	Chief Accountant	15th June, 1991 and thereafter 15th June, yearly up to 30th June, 1997.

CCOUNTING 4

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				2.d) Distribute copies of apporved budget to General Manager, all Heads of Department and sectional Heads for their guidance.	20th June,92 and thereafter by 20th June, yearly up to 30th June,97.	Final copy of annual budget.	20th June, 92 and thereafter 20th June, yearly up to 30th June, 1997.	2.d) Monitor performance of all departments and compare actual results to budgetted results. 2.e) Analyse variances and submit relevant management information reports for corrective action.	Chief Accountant	Daily, weekly, monthly, quarterly semi-annually and or whenever necessary during plan period up to 30th June, 1997.
		3) Improve costing system.	Chief Accountant.	3.a) Extend cost centers to cover all functional areas of the company as follows:- 1.- Production . Washer - Detergent/ caustic - Water - Bottle breakages - Filler - Overfills - Half fills - Crowns . Crate conveyor - Bottle breakages . Syrup room - Sugar useage.	27th Aug. 1991.	3.a) Memorandum to all Heads of Department to inform them about new cost centres.	29th Aug, 1991.	3.a) Hold joint accounts Dept/User Department, discussions on new costing system.	Chief Accountant	2nd Sept, 1991.

ACCOUNTING 5

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				. Utilities - Power Generator - Main electric power. . General - Fork lifts - Fire extinquishers - Chain lublicants (Bottle conveyors) - Protective clothing . Maintenance - Consumable spares - Lubricants - Machine shop .Quality control - Cleaning and sanitation - Water treatment - Laboratory chemicals - Boiler - Procurement - Local purchases - Foreign purchases 2.Accounts Dept. 3.Marketing Dept 4.Personnel Dept 5.Administration 6.Internal Audit Section.						

ACCOUNTING 6

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				3.b) Introduce revised PIES chart of accounts	5th Sept. 91	b) Memorandum to all Heads of Department to explain cost codes and breakdown of costs into fixed and variable elements (i.e controllable costs), and non-controllable costs).	10th Sept. 1991.	b) Hold discussions on new chart of accounts with Heads of Department to clear any difficulties they may have.	Chief Accountant	12th Sept. 1991.
				3.c) Upgrade marketing and maintenance cost centres to profit centres	30th June,93	c) Memorandum to all Heads of Heads of Departments on new profit centres.	31st May, 1993.	c) Discussions with Heads of Department to explain rationale behind change to profit centres.	Chief Accountant.	30th Sept. 1993

ACCOUNTING 7

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		4. Improve reporting and controlling systems	Chief Accountant.	4. Design forms for management information reports indicating responsibility of each officer incharge of Head of Department	6th Sept.91. and thereafter as and when necessary during plan period up to 30th June, 1997.	4.a) Production . Marketing forms . Finished goods store forms . Personnel forms . Accounts forms . Internal Audit forms . Procurement forms . Other forms to various department.	6th Oct. 1991. and thereafter as and when necessary during plan period up to 30th June, 1997.	4.a) Discuss and agree with Heads of department on useage of forms.		
				b) Improve existing management information report forms				b) Assist all Heads of Department and other users with any difficulties that may surface with regard to use of new and revised forms.	Chief Accountant	15th January, 1992 and thereafter as and when necessary during plan period up to 30th June, 1997.

ACCOUNTING 5

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				4.c) Arrange printing/ cyclostling of new forms and distribute same.	5th October, 1991 and thereafter as and when necessary during the plan period up to 30th June, 1997.	4.c) Various printed forms to user depart-ments.	6th Oct. 1991.	c) Same as 4(b) above	Chief Accountant.	
				4.d) Prepare circular indicating target dates for submission of various forms to accounts dept. Submit circular for General Managers signature.	d) 5th Oct., 1991.	d) Circular to all Heads of department together with new forms.	6th October 1991.	d) Obtain General Manager's signature on circular and distribute circular to all Heads of Department together with new forms.	Chief Accountant	6th October, 1991.
				4.e) Analyse various reports as and when they are submitted by Heads of Depart-ment and prepare relevant manage-ment information reports.	Throughout plan period up to 30th June, 1997.	Various management information reports.	Throughout plan period but not later than one week after receipt of form from the various Departments	e) Liaise with the General Manager, internal auditor and relevant Head of Dept. to ensure that corrective action is taken on the report.	Chief Accountant	Not later than two weeks after submission of management information report

COUNTING S CONT'D

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

NERAL/DEPARTMENT

(1) ORPORATE ISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				4.f) Prepare monthly, quart-erly and annual profit and loss accounts, balance sheets and sources and uses of funds statements up to 30th June, 1997.	Not later than end of 1st week of next month of next quarter or next year of plan period	Monthly, quarterly and annual . Profit+Loss accounts . Balance sheets and sources and uses of funds statements.	Not later than end of second week of next month or next quar-ter of next year of plan period up to 30th June 1997.	Discuss profit and loss accounts, balance sheets and sources and uses of funds statements with management and board as follows:- . Management-monthly, quarterly and annually. . Board-quarterly and annually.	Chief Accountant	Latest by end of last week of next month after issue of monthly quarterly and annual final accounts.
				4.g) Amend draft final annual accounts as directed by the board and present amended final accounts to External Auditors.	Latest by end of first week of second month after end of financial year. (i.e August yearly during plan period.	Draft final accounts.	Latest by end of 1st week of August yearly during plan period up to 30th June 1997.	g) Liaise with external auditors to ensure receipt of audited final accounts.	Chief Accountant	Latest by end of second week of September yearly during plan period.
								h) Prepare board memorandum on final accounts and submit memorandum together with final copies of accounts to company secretary.	Chief Accountant.	Latest by end of third week in Sept. yearly up to 30th June, 1997.

CCOUNTING 9

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

NERAL/DEPARTMENT

(1) ORPORATE ISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		5.a) Introduce and progressively extend use of computers for all accounts of company.	Chief Accountant	a) Select staff from department to receive training on use of computers.	5th Sept. 1991.	Memorandum on selected staff to Company Secretary (copy to Personnel Officer).	6th Sept. 1991.	a) Monitor performance of staff after Initial training.	Chief Accountant	Continue monitoring up to the end of the plan period (i.e 30th June, 1997).
				b) Acquire personal computers.	30th Sept. 1991	Letter to PIES for technical assistance	5th Oct. 1991.	b) Seek assistance from vendor/PIES to commission and give training on P/Cs.	Chief Accountant	Continue with training up to 30th June, 1997.
				c) Liaise with PIES for further training of staff on use of spread sheets. Database management computerized accounting packages and word processing	30th Sept. 1997.	Letters to PIES for further training as necessary.	Whenever necessary up to 30th June 1997.	c) Monitor staff performance after each training session and re-train as necessary.	Chief Accountant	Continue up to 30th June, 1997.
				5.a) Use output from P/Cs to improve management information and control systems.	Up to 30th June 1997.	d) Various management information reports.	An necessary up to 30th June 1997.	d) Ensure proper integration of planning budgeting costing reporting and controlling systems.	Chief Accountant	Countinue up to 30th June, 1997.
		5.b) Improve financial reporting as well as working capital management	Chief Accountant	b) Prepare weekly cash budget and previous week's cash performance report.	First thing on Monday morning of cash budget week.	Cash budget for current week and provious week's cash performance report to General Manager	b) By 10.00 a.m on Monday of cash budget week.	Discuss cash position with General Manager.	Chief Accountant	By 12.00 noon on Monday of cash budget week.
				5.c) Obtain weekly Bank statements and do necessary reconciliation.	c) Before close of on Monday of cash budget week.	c) Weekly Bank reconciliation statement.	c) Before close of day on Monday of Bank reconciliation week.	c) Discuss bank position with General Manager.	Chief Accountant	By close of day on Tuesday of reconciliation week.

ACCOUNTING 10

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				5.d) Introduce budgetary vote control of expenditure.	1st Jan., 1992.	Weekly expenditure reports to all Heads of Department and copy to General Manager.	Latest by Monday morning of next week up to 30th June, 1997.	Discuss expenditure position at management/finance committee meetings.	Chief Accountant	By close of day on Tuesday of every week up to 30th June, 1997.
				5.e) Prepare monthly cash budgets showing previous months cash performance	First working day of cash budget month up to 30th June, 1997.	e) Monthly cash budget and cash performance reports of previous month to General Manager	e) Before close of day on first working day of cash budget month.	e) Discuss cash position with General Manager.	Chief Accountant	Before close of day of second working day of cash budget month.
				5.f) Prepare monthly and quarterly Bank reconciliation statements.	End of first working day of next month or next quarter.	Monthly and quarterly Bank Reconciliation statements.	Before close of day on first working day of next month or next quarter up to 30th June 1997.	Discuss monthly and quarterly Bank Reconciliation statements with General Manager.	Chief Accountant	Before close of day of second working day of next month or next quarter up to 30th June, 1997.

ACCOUNTING 12

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				5.g) Prepare quarterly cash budget showing previous quarters cash performance.	End of first working day of cash budget quarter.	Quarterly cash budget and previous quarter's cash performance report to General Manager and Heads of Department for discussion at management meeting.	Before close of day on first working day of cash budget quarter.	Discuss cash position with General Manager and Heads of Department at management meeting.	Chief Accountant	Before end of 1st week of next quarter up to 30th June, 1997.

CCOUNTING 12

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				5.b) Workout all relevant financial to show the financial company's position.	Monthly quarterly budget and by end of first week of next month or next quarter or next year up to 30th June, 1997.	Financial Ratio performance report to General Manager and Heads of Department.	Monthly quarterly or annually before end of second week of next month or next quarter or next year up to 30th June, 1997.	Discuss with General Manager and Heads if department at monthly manage-ment meetings for necessary corrective action to be taken.	Chief Accountant	Monthly, quarterly and annually before end of third week of next month or next quarter of next year up to 30th June, 1997.
	2) Reduce incidence of taxes on company.	a) Lobby tax authorities for lower taxes and more favourable payment terms.	Chief Account-ant	Increase float on tax payments.	Throughout plan period up to 30th June, 1997.	-	-	a) Ensure taxes due are paid on last day of period given for payment.	Chief Accountant	Continue up to 30th June, 1997.
				6.b) Prepare with assistance of PIES a paper on the effects of various levels of taxation on sales and tax revenue for government.	31st Dec. 1991.	b) Paper on effects on company revenue and government taxes of various levels of taxation to be submitted to the Hon. Minister of Finance copy to Director General (Taxation).	31st Jan. 1992.	b) Continue to revise paper during plan period as necessary up to 30th June, 1997.	Chief Accountant	Continue revision of paper up to 30th June, 1997.
				c) Use paper to argue for more favourable tax	30th June 1992.	c) Same as above.	31st Jan. 1992.	c) Continue to lobby tax authorities as necessary	Chief Accountant	Continue up to 30th June, 1997.

ACCOUNTING 13

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	3. Maintain disciplined and motivated staff in department.	a) Enforce all company rules and regulations.	Chief Accountant.	a) Monitor staff compliance with rules and regulations and arrange for necessary disciplinary action to be taken.	30th June 1997.	Queries and letters to company secretary as necessary.	Not later than one day after any specific incident.	a) Ensure staff turn over a new leaf or improve upon performance/conduct.	Chief Accountant.	Continue up to 30th June, 1997.
		7.b) Appraise performance of staff quarterly, semi-annually and annually.	Chief Accountant.	b) Complete staff appraisal forms after probation and for quarterly semi-annual and annual assessment.	30th June 1997.	Staff performance evaluation forms to company secretary	Not later than one week after completion of form up to 30th June,97.	b) Ensure staff improve upon performance in areas of week assessment.	Chief Accountant	Continue up to 30th June, 1997.
		7.c) Arrange on-the-job and external training courses for staff through Company Secretary.	Chief Accountant.	c) Determine appropriate on-the-job training programmes for staff and arrange for them external training courses where necessary.	30th June, 1997.	On-the-job training progress reports to Company Secretary as well as memorandum recommending external training courses for staff in department.	As necessary during plan period up to 30th June, 1997.	c) Monitor and assess staff performance after training to ensure that training has been beneficial. Re-train staff as necessary.	Chief Accountant.	Continue up to 30th June 1997.

APPENDIX 5(e)

ERNAL AUDIT 1

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ERAL/DEPARTMENT

(1) ORPORATE SSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. Improve existing systems of Internal control	1. Revise standard internal control questionnaries to cover . General transactions . Cash and Bank . Sales and Debtors . Purchases and creditors . Fixed Assets . Wages and salaries . Stocks and work-in-process . Cost Accounting . Other	Internal Audit Manager.	. Use revised Internal Control Questionnaires to test for weaknesses in all existing procedures at LVBC.	30th June.92	Internal Control weakness Report to General Manager and Board of Directors.	Monthly to General Manager and quarterly and annually to Board whenever necessary up to the end of the plan period (i.e 30th June, 97).	. Ensure that all weaknesses in systems of internal control are improved through institution of appropriate checks and balances as well as review of procedures.	Internal Audit Manager through Internal Audit Supervisors and Internal Audit Assistants.	Continue to strengthen Internal Control up to 30th June, 1997.
		2. Draw up and follow a comprehensive Audit programme which covers all functional areas of the company including paper work.	. Internal Audit Manager	. Systematically follow audit programme for all functional areas.	Throughout plan period up to 30th June.97.	. Routine Audit progress reports to General Manager monthly and to Board of Directors quarterly and Annually.	Not later than end of first week of next monthly quarterly or annual period up to 30th June 1997.	. Arrange for management systems and procedures which do not promote effectiveness and efficiency to be revised. . Tighten systems of internal control.	Internal Audit Manager.	. Continue to review management systems and procedures up to 30th June, 1997.

ERNAL AUDIT 2

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ERAL/DEPARTMENT

(1) RPORATE SSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2. Ensure that the company's management systems and procedures move it in the right strategic direction towards its mission.	2. Conduct monthly and quarterly management systems audit. . Undertake pre and post audit of transactions. . Review and identify possible areas of cost reduction as well as comment on efficiency of operations in the following areas:- - Production - Marketing - Personnel - Accounts - Administration - Other.	Internal Audit Manager Internal Audit Manager	. Review monthly and quarterly reports of the company and assess impact of management in terms of achievement of corporate objectives. . Vouch documents and all payment vouchers to ascertain their accuracy and authenticity . Study work methods, staff levels and areas of waste such as:- - Breakage of bottles - Half-fills - Over-fills - Spillage - Selling and distribution costs - Stationery usage - Other and submit findings/recommendations to General Manager for corrective action.	. Monthly and quarterly up to 30th June, 1997. Daily as necessary up to 30th June, 1997. . Daily, weekly, monthly, quarterly, and annually up to 30th June, 1997.	Monthly report on Audit of Management systems to General Manager These reports should cover achievements of the company relative to its mission. . Reports on fraud as and when detected to General Manager. . Departmental cost reduction and work methods improvement reports to General Manager and Board of Directors.	Latest by end of first working day of next month of next quarter up to 30th June, 1997. . Immediately upon detection of fraud up to 30th June, 1997. . To General Manager monthly and to Board quarterly and annually up to 30th June, 1997 or by end of first week of next relevant period	. Ensure that week and ineffective management systems are improved to enhance the company's chances of achieving its mission. . Arrange for checks and balances to be instituted to prevent recurrence fraud particularly at Depot Level. . Ensure that measures are put in place to reduce cost and waste.	Internal Audit Manager through Internal Audit Supervisors and Internal Audit Assistants. Internal Audit Manager. Internal Audit Manager.	Continue up to 30th June, 1997. Continue to prevent, detect and eliminate fraud up to 30th June, 1997. Undertake measures to reduce cost and waste up to 30th June, 1997

TERNAL AUDIT 3

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

NERAL/DEPARTMENT

(1) ORPORATE ISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	3. Ensure proper protection of the company's properties and assets.	Physically inspect and confirm the existence location and value of all company properties and assets.	Internal Audit Manager	. Arrange for all company fixed assets to be coded.	. By 30th June,92	codification List of General Manager c.c. to Chief Accountant	By 31st Jan. 1993.	. Oversee codification of all new company fixed assets.	Internal Audit Manager	Whenever new fixed assets are acquired up to 30th June, 1997.
				. Supervise codfication of all fixed assets.	By 31st Dec.92					
				. Carry out monthly checks on physical existence and location of assets.	. By 15th of each month up to 30th June, 1997.	. Monthly fixed assets inspection report to General Manager including information on ownership and valuation.	By end of first week of following month up to 30th June, 1997.	. Ensure necessary maintenance of fixed assets is carried out by company.	Internal Audit Manager	By end of second week of following month up to 30th June, 1997.
				. Ensure that all staff and company assets are properly and adquately insured against all appropriate risks.	By 30th June, yearly up to 30th June, 1997.	Fixed Assets and other assets insurance cover Adequacy Report to General Manager	By end of first week of July of each year up to 30th June, 1997.	. Ensure that all assets that are not properly insured are adequately covered by insurance.	Internal Audit Manager	By the end of the second week of July yearly up to 30th June, 1997.

INTERNAL AUDIT 4

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	4. Achieve an Effective and inte-grated Management Information System.	. Strengthen and increase reliability of management reporting system.	Internal Audit Manager	. Ensure that all daily, weekly, monthly, quarterly and annual manage-ment information reports including - Trial balances - Final Accounts - Cash Budgets - Bank Reconci-liation state-ments - Staff Perform-ance - Evaluation Reports - Sales Reports - Production Reports - Staff Training reports - Other Reports are submitted on time as spelt out in this corporate plan.	Daily, weekly monthly, quarterly or annually as specified in the corporate plan up to 30th June, 1997.	Management information reports called for in the Corporate Plan 1992/93-1996/97	Not later than various times specified in corporate plan.	. Ensure that all reports that are not submitted in accordance with the deadlines spelt out in the corporate plan in any period are promptly submitted in subsequent periods and arrange for lapses in report submission to be made known to the General Manager for corrective action.	Internal Audit Manager	Continue to ensure prompt submission of all management information reports up to 30th June, 1997.

NTERNAL AUDIT 5

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
- - -	5. Strengthen Internal Audit Section into Department.	. Re-organise Internal Audit section to ensure greater effectiveness and efficiency during the plan period.	Internal Audit Manager	. Liaise with Personnel Manager/Company Secretary for creation of sections for Internal Audit - Operations and Internal Audit-systems.	. By 30th June, 1997.	Memorandum to Personnel Manager/Company Secretary on proposed re-organisation of the Audit Section.	31st Dec. 1991.	. Ensure staff perform effectively and efficiently in their new positions.	Internal Audit Manager	30th June, 1997.
								. Ensure vacancies are filled.	Internal Audit Manager	31st Dec. 1992.
				. Assign an Internal Audit Supervisor to handle investigations.	By 30th June, 1992	. Letter to assign Internal Audit Supervisor	31st May, 1992.	. Train staff as necessary to make them more effective and efficient in their new positions	Internal Audit Manager	Continue with training up to 30th June, 1997.
				. Re-designate various positions within department as appropriate.		. Letter to staff who will be redesignated	31st May, 1992.			
- - -	- - -			. Train personnel in department on:- - Computers - Systems analysis, internal control investigations and report writing.	Commence immediately and continue up to 30th June, 1997.	. Training progress reports to Personnel Manager/Company Secretary.	As and when necessary during plan period up to 30th June, 1997.	. Ensure staff follow structured training programmes to improve their skills and knowledge particularly on computers.	Internal Audit Manager	Arrange structured training programmes up to 30th June, 1997.
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TERNAL AUDIT 6

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	6. Secure sufficient funding to cover all activities of the Department.	. Prepare Departmental Budget.	Internal Audit Manager	. Complete standized Budget Form . Submit complete form to Chief Accountant for consolidation with draft budgets of other departments. . Attend Budget hearings meetings.	31st Jan. yearly up to 30th June, 1997. 25th Feb. yearly up to 30th June, 1997.	Completed Budget proposal form to Chief Accountant.	15th February yearly up to 30th June, 1997.	. Revised departmental budget based upon comments made at budget hearing meetings and re-submit final draft departmental budget proposals to the Chief Accountant. . Obtain approved copy of budget.	Internal Audit Manager Internal Audit Manager	31st March yearly up to 30th June, 1997. By 30th June, yearly up to 30th June, 1997.

APPENDIX 5(f)

ERSONNEL 1/
OMPANY SECRETARIAT

ENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	1. To develop a comprehensive personnel programme to enable the company achieve its mission in terms of	1. Review present methods of recruitment in the company to ensure effectiveness and objectivity.	Personnel Manager/ Company Secretary	1. Design application form for employment in order to obtain relevant personal information about prosepctive employees.	By 31st Oct. 1991.	New application form for employment.	By 30th Nov. 1991.	Ensure new application form for employment is approved used by all new employees.	Personnel Manager/ Company Secretary through Personnel Officer.	Continue up to 30th June, 1997.
	. Recruitment . Training and development . Remuneration . Appraisal . Motivation . Discipline . Welfare	. Review interview procedure and recruitment procedure for new employees to ensure objectivity in all recruitment.	Personnel Manager/ Company Secretary	. Draw up aptitude tests to be taken by all group employees joining the company.	By 31st Oct. 1991.	Confidential aptitude tests for various categories of new employees to personnel manager and General Manager for approval.	By 30th Nov. 1991.	Ensure aptitude tests are taken and passed by all short listed prospective applicants before they are interviewed.	Personnel Manager/ Company Secretary through Personnel Officer.	Continue using objective recruitment procedures throughout the plan period up to 30th June, 1997.
				. Determine and advise membership of recruitment interview panels for various positions.	By 31st Oct. 1991.	. Circular on membership of interview panels for various categories of new employees to General Manager and all Heads of Department.	By 30th Nov. 1991.			

ERSONNEL 2/
OMPANY SECRETARIAT

ENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	2. Ensure legality of employment procedures.	. Review all labour laws of Uganda and ensure company complies with them.	Personnel Manager/ Company Secretary	. Summarise all relevant laws on engagement of apprentices, casual labour, contract labour and permanent labour to guide personnel officer.	31st Oct. 1991.	Summary of relevant labour laws to personnel officer for his guidance.	30th Nov. 1991.	. Ensure all recruitment procedures comply with laws of the country.	Personnel Manager/ Company Secretary through Personnel Officer.	Continue to comply with all labour laws up to 30th June, 1997.
	3. Simplify recruitment procedures.	. Design and prepare pre-printed appointment letters for:- - permanent appointment - contract appointment - casual appointments.	Personnel Manager/ Company Secretary	Cyclostyle . Pre-printed appointment letters for permanent, casual and contract appointments.	31st Oct. 1991.	. Pre-printed appointment forms. . Obtain refrees reports . Obtain medical examination report.	30th Nov. 1991.	. Ensure use of pre-printed appointment forms.	Same as above	Continue to use pre-printed forms until 30th June, 1997.

ERSONNEL 3/
OMPANY SECRETARIAT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

ENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	4. Ensure proper orientation/ induction of all new employees.	. Design induction programmes to be followed by all new entrants into the company	Personnel Manager/ Company Secretary	. Liaise with Heads of Departments on proposed induction programmes and finalise all induction programmes.	30th Nov. 1991.	. Induction/ orientation programmes to be followed by all new entrants into the company.	31st Nov. 1991.	Ensure all new employees go through orientat-ion/induction pro-grammes in order for them to settle down quickly.	Personnel Manager/ Company Secretary	Continue to ensure that new staff are properly inducted into the company up to 30th June,97
								. Obtain feedback on new employee performance during their probationary periods and confirm/discharge them as necessary.	Personnel Manager/ Company Secretary	On last day of probationary period of new employee through-out the plan period up to 30th June, 1997.
								. Extend pro-bationary period if necessary.	Personnel Manager/ Company Secretary	. Continue moni-toring progress of employees up to 30th June, 1997.

ERSONNEL/4
OMPANY SECRETARY

ENERAL DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	5. Retain a highly trained labour force	. Prepare on-the-job training progress report form for general use by all Heads of department.	Personnel Manager/ Company Secretary	. Arrange for on-the-job training progress report forms to be printed and distributed to all Heads of Department.	30th Nov. 1991.	On-the-job training progress report form to all Heads of Dept.	15th Nov. 1991.	. Obtain completed on-the-job training progress report forms from Heads of Dept. . Review forms and arrange external training courses or other appropriate training to fill any identified training gaps.	Personnel Manager/ Company Secretary	Continue reviewing on-the-job training progress reports and arrange further training as necessary up to 30th June, 1991.
		. Review existing training schemes and draw up structured training and manpower development programmes for all staff.	Personnel Manager/ Company Secretary	. Assess off-the job training requirements of all staff and review training programmes of external training institutions.	Annually throughout the plan period up to 30th June, 1997.	Memorandum to Heads of Dept. to inform them about staff in their departments who have been selected for off-the-job training courses.	Throughout the plan period but not later than two weeks before commencement of each training course.	. Liaise with Heads of department and arrange for staff to attend training courses.	Personnel Manager/ Company Secretary	. Continue to arrange necessary off-the-job training courses for staff up to 30th June, 1997.

RSONNEL 5/
MPANY SECRETARIAT

NERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) ORPORATE ISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		. Select staff who based upon their consistent outstanding performance and future potential should be developed for management succession.	Personnel Manager/ Company Secretary	. Review on-the-job training progress reports. - staff performance appraisal forms.	. Up to 30th June, 1997.	Confidential special staff appraisal reports to General Manager for approval.	As and when necessary during plan period up to 30th June, 1997.	. Arrange special training courses for selected staff . Arrange bonding of staff as necessary.		Continue to arrange such special training and bonding of staff up to 30th June, 1997.
	6. Ensure a highly motivated work force.	. Improve wages and salaries administration and link remu-remuneration scheme to productivity of staff through appraisal of performance.	Personnel Manager/ Company Secretary	. Conduct wages and salaries surveys to ensure LVBC wages and salaries continue to be competitive	. up to 30th June 1997	. Wages and salaries survey reports to General Manager for his information prior to negotia-tions with union.	By the end of each year up to 30th June, 1997.	. Submit recommend-ations to General Manager on possible review of conditions of service.	Personnel Manager/ Company Secretary	Continue to review staff salaries, wages and other benefits up to 30th June, 1997.

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OMPANY SECRETARIAT

ENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
				. Develop a job grading system for the company and determine appropriate salary scales for the new job grades that will be determined.	30th June, 1993.	Proposed job grading report to General Manager for approval of new job grades.	31st July, 1993.	. Advise all Heads of Department of new job grades. . Advise all staff of their new job grades and corresponding salaries.	Personnel Manager/ Company Secretary	30th June, 1997.
				. Determine appropriate productivity related bonus schemes for staff in all departments.	30th June, 1992.	Report on productivity related bonus schemes to General Manager for approval of targets to be achieved by staff in all departments in order to qualify for productivity bonures.	31st July, 1992.	. Obtain from heads department and study reports on staff performance . Submit recommendations for payment of productivity bonuses to General Manager for approval. . Issue letters on productivity bonuses to staff. . Ensure deserving staff receive approved bonuses.	Personnel Manager/ Company Secretary	As and when necessary during the plan period up to 30th June.97.

PERSONNEL 7/
COMPANY SECRETARIAT

GENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		. Develop an objective staff appraisal system.	Personnel Manager/ Company Secretary	Re-design and arrange printing of draft of new staff performance evaluation forms for junior (group) employees and for senior staff.	By 30th June, 1992.	New staff performance appraisal forms for:- - group employees and - senior staff.	31st July, 1992.	Obtain approval of General Manager to revised forms. . Distribute revised forms to head of department and General Manager. . Organise a one-day workshop to brief all heads of department and General Manager on the use of the new staff appraisal forms.	Personnel Manager/ Company Secretary	Hold workshop before 31st Aug. 1992 and continue to use the revised staff performance appraisal forms up to 30th June 1997.
				. Link appraisal process to productivity by recommending increments up-grading and promotions for deserving staff.	. Annually or as necessary during plan period up to 30th June,97.	. Completed staff appraisal form to General Manager or Board for appraisal.	. Annually and whenever necessary during the plan period up to 30th June,97.	. Monitor employees performance to ensure improvement in areas of weak assessment . Issue letters to positively reinforce employees by giving them incentives that are commensurate with their performance.	Personnel Manager/ Company Secretary.	. Continue to monitor employee's performance throughout the plan period up to 30th June 1997.

ERSONNEL S/
OMPANY SECRETARIAT

ENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
		. Revise existing staff and organisa-tional manual for LVBC.	Personnel Manager/ Company Secretary	. Prepare job descriptions and man-specification for all jobs and re-align salary scales. . Determine promotion policy . Draft training policy . Determine scheme of service for all staff. . Prepare conditions of service for group employees and senior staff. . Prepare revised Organisational Chart.	By 30th June, 94	Comprehensive organisational and staff manual.	31st July, 1994.	. Arrange for the revised compre-hensive organi-sational and staff manual to be approved. . Circulate conprehensive organisational and staff manual to all Heads of Department and General Manager for their guidance.	Personnel Manager/ through Personnel Officer. Personnel Manager/ through Personnel Officer	31st August, 1994. Be guided by manual up to 30th June,97.

ERSONNEL 97
OMPANY SECRETARIAT

ENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	Maintain an organisa-tional chart which ensures that opera-tions of the company lead it in the right strategic direction.	Undertake activities to . Revise the present organisational chart.	Personnel Manager/ Company Secretary	. Redesignate positions in the production department. . Redesignate positions in the Marketing Department. . Redesignate positions in the personnel department. . Redesignate other positions as necessary. . Carry out necessary deployments of staff.	By 30th June, 1992.	Letters to affect staff whose positions will be re-designated and letters to staff who will be re-deployed.	By 31st July, 1992.	. Monitor perform-ance of staff after they have been re-designated and/or redeployed.	Personnel Manager	Continue to monitor perform-ance and train staff up to 30th June, 97.

PERSONNEL 10/
COMPANY SECRETARIAT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	. To provide effective and efficient administrative support services to the company.	Ensure availability of efficient administrative support	Personnel Manager/ Company Secretary	. Handle routine administrative functions on a day-to-day basis.	. Each working day up to 30th June, 97.	. Memoranda letters and circulars as necessary.	. Within the shortest time possible for each case up to 30th June, 97.	. Ensure routine administrative matters are handled without undue delay.	Personnel Manager/ Company Secretary through Administrative Officer.	Continue up to 30th June, 1997.
				. Monitor and renew all company insurance policies.	. On last day of expiration of policy up to 30th June, 1997.	Renewal notices to the company's insurances.	At least two working days before expiration of policy.	. Ensure all insurance policies have been renewed.		Same as above
				. Review assets of company covered by insurance and ensure insurance cover as well as insurance values are adequate.	30th June,92.	Memorandum on type of insurance cover and insurance values to General Manager for approval.	. At least two weeks before expiration or present policies.	. Ensure all insurance values are adequate and all assets of the company have been properly insured.	Same as above	Same as above
				. Schedule use of all pool vehicles to ensure optimal usage at the least cost possible.	. Daily up to 30th Jun. 1997.	Vehicle log books, accident reports, gate passes etc.	. As and when necessary up to 30th June 1997.	. Ensure cost effective useage of all vehicles up to 30th June, 1997.	Same as above	Same as above
				. Handle legal matters of the company.	. Daily up to 30th June 1997.	Letters memoranda and reports on legal matters.	. Daily weekly & montly as necessary up to	. Ensure all legal matters are handled as expeditiously as possible.	Same as above	Same as above.

PERSONNEL 11/
COMPANY SECRETARIAT

GENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	5. To secure all company assets and products.	Reinforce security procedures and strengthen security section.	Personnel Manager/ Company Secretary	. Arrange effective security at exit points from factory yard and Head office.	. Daily up to 30th June 1997.	. Daily occurrance reports.	. Daily up to 30th June 1997.	. Ensure security officers perform effectively at exit points.	Personnel Manager/ Company Secretary through Security Superintendent.	Continue security vigilance until 30th June, 97.
				. Arrange adequate overnight security at all company bungalows, offices, depots and factory.	. Daily up to 30th June 1997.	Same as above	. Daily up to 30th June 1997.	. Ensure night security officers perform effectively.	Same as above	Same as above
				. Investigate stealing cases fraud and accidents involving company vehicles.	. As and when necessary up to 30th June 1997.	. Investigation reports.	. Within 1 hr. in emergency cases and within two days of incident up to 30th June 1997.	. Ensure action is taken to prevent similar occurances in future.	Same as above	Continue to investigate all fraud and stealing cases up to 30th June 1997.

PERSONNEL 12/
COMPANY SECRETARIAT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	9. Achieve sound management of the company's properties/ estates.	. Enhance cost effectiveness of maintenance function.	Personnel Manager/ Company Secretary	. Arrange for scheduled maintenance of factory building, and company bungalows to be undertaken.	By the end of each scheduled daily, weekly monthly, quarterly and annual maintenance period up to 30th June 1997	Scheduled estate management maintenance book.	By end of first working day of next scheduled maintenance period up to 30th June 1997.	Ensure scheduled estate maintenance/ management tasks are undertaken as necessary.	Maintenance Supervisor.	Continue with effective estate management up to 30th June, 1997.
				. Supervise day-to-day carpentry, masonry and plumbing jobs that are undertaken in the company	. Daily up to 30th June 1997.	Daily job cards/time sheets as required.	. By close of each working day up to 30th June 1997	Ensure day-to-day work of sectional staff is properly supervised and appropriate forms completed.	Maintenance Supervisor	Continue with day-to-day supervision up to 30th June, 1997.

PERSONNEL 13/
COMPANY SECRETARIAT

GENERAL/DEPARTMENT

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPON-SIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	10. Secure sufficient funding for the opera-tions of the Personnel Department.	. Prepare and obtain approval of Personnel Dept. budget.	Personnel Manager/ Company Secretary	. Determine vacancies to be filled during plan period.						
				. Determine likely cases of promotion	By 28th Feb. 1992. and there after by 28th Feb. yearly during the plan period up to 30th June,97.	Draft Depart-mental Budget to Chief Accountant for consolidation in the company's Draft Master Budget.	15th March yearly during the plan period up to 30th June 1997.	. Attend budget hearing meetings.	Personnel Manager/ Company Secretary	Be guided by planned targets in the budget up to 30th June, 1997.
				. Determine likely salary and wages increases during the plan period.	Same as above			. Obtain approved company budget for guidance of the department.	Same as above	
				. Determine training and manpower development, requirements.	Same as above					
				. Determine capital expenditure.						
				. Determine cost of welfare services.						

PERSONNEL MANAGER/
COMPANY SECRETARY

LAKE VICTORIA BOTTLING COMPANY
CORPORATE PLAN 1992 TO 1996
STRATEGY AND ACTION PLAN SHEET

GENERAL/DEPARTMENT

(1) CORPORATE MISSION	(2) OBJECTIVES	(3) STRATEGY	(4) OFFICER RESPONSIBLE	(5) NECESSARY ACTION	(6) TARGET COMPLETION DATE(S)	(7) REPORTS(S) TO BE SUBMITTED PRODUCED	(8) TARGET SUBMISSION DATE(S)	(9) FOLLOW-UP ACTION	(10) OFFICER(S) RESPONSIBLE FOR FOLLOW-UP	(11) TARGET COMPLETION DATE FOR FOLLOW-UP ACTION
	Company with all statutory requirements of the position of company Secretary.	Arrange meetings of the Board of Directors	Company Secretary	Discuss date for meeting with Board Chairman	By end of last month of each quarter for the next quarter's Board meeting up to 30th June, 1997.	. Letters inviting members of the Board to attend meeting.	Two weeks before each scheduled Board meeting.	. Attend Board meeting and take minutes	Company Secretary	Two weeks before each scheduled Board meeting up to 30th June, 1997.
						. Agenda for Board meeting and relevant Board Papers.		. Finalize Board minutes and distribute minutes to Board members	Same as above	
		. Keep and update all statutory books/ Registers including - Shareholders register - Register of Directors and Secretary - Minutes Book - Directors' Attendance Register - Share Certificates Book.	Company Secretary	Update all statutory books/registers as necessary	Immediately after each event requiring update of Register or book.	. Returns on the following:- Change in location/ address of company Change of Directors or Secretary.	. Within time limits stipulated in company's Act. 1962 for each Return.	. File Returns with Registrar of Companies as stipulated in the Company's Act. 1962 including Annual Returns special Resolutions and Ordinary Resolutions.	Company Secretary	. Within time period stipulated in the company's Act. 1962 for each Return or Resolution.

APPENDIX 6

LAKE VICTORIA BOTTLING COMPANY LIMITED
NET SALES SCHEDULE - 1992/93 TO 1996/97
(U.SHS MILLIONS)

I T E M	1992,93	1993/94	1994/95	1995/96	1996/97
Number of Cases sold	2,992,000	3,252,000	3,520,000	3,784,000	4,048,000
Gross Sales	16,698.0	18,149.0	19,645.0	21,119.0	22,591.8
Add Transport Premium	1,553.1	1,688.0	1,825.0	1,964.0	2,101.4
Total Collections	18,251.1	19,837.0	21,472.0	23,083.0	24,693.2
Less Excise Duty and Sales Tax	5,565.1	6,049.0	6,547.2	7,038.2	7,530.9
Net Sales	12,686.0	13,788.0	14,924.8	16,044.8	17,167.3

APPENDIX 7

LAKE VICTORIA BOTTLING COMPANY LIMITED
SCHEDULE OF COST OF SALES - 1992/93 TO 1996/97
(U.SHS MILLIONS)

ITEM	1992/93	1993/94	1994/95	1995/96	1996/97
Concentrates	2,258.7	2,457.6	2,660.1	2,859.6	3,059.8
Sugar	2,547.6	2,771.9	3,000.3	3,225.3	3,451.1
Co2	272.0	295.9	320.3	344.3	368.4
Crown Corks	799.7	870.1	941.8	1,012.4	1,083.3
Water	23.2	25.3	27.4	29.5	31.6
SUB-TOTAL (1)	5,901.2	6,420.8	6,949.9	7,471.1	7,994.2
Direct Labour	72.4	78.8	85.3	91.7	98.1
Total Variable Overheads	602.6	656.6	710.7	764.1	815.6
Depreciation (Production Plant and Machinery)	98.6	125.3	111.8	97.8	139.2
Other Fixed Overheads	55.9	55.9	55.9	55.9	
TOTAL COST OF SALES	6,730.7	7,337.4	7,913.6	8,480.6	9,103.0

APPENDIX 8

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROJECTED OPERATING STATEMENTS FOR YEARS ENDING 30TH JUNE 1993 TO 1997 (U.SH. MILLIONS)

	1992/93 SHS. M	% NET SALES	1993/94 SHS. M	% NET SALES	1994/95 SHS. M	% NET SALES	1995/96 SHS. M	% NET SALES	1996/97 SHS. M	% NET SALES
Net Sales	12,686.0		13,788.0		14,924.8		16,044.8		17,167.3	
Deduct: Cost of Sales	6,730.7	53.1	7,337.4	53.2	7,913.6	53.0	8,480.6	52.8	9,103.0	53.0
Gross Profit	5,955.3		6,450.6		7,011.2		7,564.2		8,064.3	
Marketing/Sales	1,242.0	9.79	1,212.9	8.7	1,183.8	7.9	1,154.7	7.1	1,081.3	6.3
Personnel & Administration	1,093.6	8.6	1,033.0	7.4	911.8	6.1	849.9	5.2	618.7	3.6
Depreciation	250.1	-	442.9	-	356.9	-	295.7	-	552.9	-
Internal Audit	30.5	0.24	29.1	0.21	27.7	0.18	26.3	0.16	24.9	0.14
FINANCE AND ACCOUNTING										
- Accounting	34.3	0.27	33.1	0.24	32.8	0.22	32.1	0.20	30.8	.18
- Interests on Loans *	1,144.3		1,441.9		1,041.9		668.5		334.1	
Write down on Bottles Shells	901.8		980.2		1,060.9		1,140.5		1,220.3	
	4,696.6		5,173.1		4,615.8		4,167.7		3,863.0	
Pre-tax Profit	1,258.7		1,277.5		2,395.4		3,396.5		4,201.3	
Corporation Tax (40%)	503.5		511.0		958.2		1,358.6		1,380.5	
Profit After Tax	755.2		766.5		1,437.2		2,037.9		2,520.8	
*Rehabilitatn Loan. Interest	953.7		1,336.3		1,002.2		668.5		334.1	
EADB Loan Interest	113.1		105.6		39.7		-		-	
UCB Short Term Loan Interest	77.5		-		-		-		-	
	1,114.3M		1,441.9M		1,041.9M		668.5M		334.1M	

APPENDIX 9

LAKE VICTORIA BOTTLING COMPANY LIMITED
APPROPRIATION ACCOUNT FOR THE YEARS
ENDING 30TH JUNE, 1993 TO 1997
(U.SH MILLIONS)

	1993	1994	1995	1996	1997
Balance B/F	872.4	1627.6	2194.1	3331.3	4969.2
Add Profit for the Year	755.2	766.5	1437.2	2037.9	2520.8
Less Dividends	-	200.0	300.0	400.0	500.0
Balance C/F	1627.6	2194.1	3331.3	4969.2	6990.0

APPENDIX 10

LAKE VICTORIA BOTTLING COMPANY LIMITED
SCHEDULE OF FIXED ASSETS DEPRECIATION
1992/93

ITEM	BALANCE AT 30.6.92	ADDITIONS	TOTAL	RATE	DEPRECIATION	BALANCE AT 30.6.93
Furniture and Equipment	201.4M	87.6M	289.0M	12.5%	36.1M	252.9M
Land and Buildings	2,242.5M	94.5M	2,337.0M	2%	46.7M	2,290.3M
Plant and Machinery	423.9M	365.0M	788.9M	12.5%	98.6M	690.3M
Motor Vehicles (Non Marketing Fleet)	203.7M	-	203.7M	25%	50.9M	152.8M
Motor Vehicles (Marketing Fleet)	168.3M	412.8M	581.1M	37.5%	217.9M	363.2M
					450.2M	3,749.5M

APPENDIX 11

LAKE VICTORIA BOTTLING COMPANY LIMITED
SCHEDULE OF FIXED ASSETS DEPRECIATION
1993/94

I T E M	BALANCE AT 30.6.93	ADDITIONS	TOTAL	RATE	DEPRECIATION	BALANCE AT 30.6.94
Furniture and Equipment	252.9M	112.4M	365.3M	12.5%	45.7M	319.6M
Land and Buildings	2,290.3M	205.7M	2,496.0M	2%	49.9M	2,446.1M
Plant and Machinery	690.3M	311.8M	1,002.1M	12.5%	125.3M	876.8M
Motor Vehicles (Non Marketing Fleet)	152.8M	62.1M	214.9M	25%	53.7M	161.2M
Motor Vehicles (Marketing Fleet)	363.2M	557.3M	920.5M	37.5%	345.2M	575.3M
					619.8M	4,379.0M

APPENDIX 12

LAKE VICTORIA BOTTLING COMPANY LIMITED
SCHEDULE OF FIXED ASSETS DEPRECIATION
1994/95

I T E M	BALANCE AT 30.6.94	ADDITIONS	TOTAL	RATE	DEPRECIATION	BALANCE AT 30.6.95
Furniture and Equipment	319.6M	112.4M	432.0M	12.5%	54.0M	378.0M
Land and Buildings	2,446.1M	205.7M	2,651.8M	2%	53.0M	2,598.8M
Plant and Machinery	876.8M	17.8M	894.6M	12.5%	111.8M	782.8M
Motor Vehicles (Non Marketing Fleet)	161.2M	-	161.2M	25%	40.3M	120.9M
Motor Vehicles (Marketing Fleet)	575.3M	46.6M	621.9M	37.5%	233.2M	388.7M
					492.3M	4,269.2M

APPENDIX 13

LAKE VICTORIA BOTTLING COMPANY LIMITED
SCHEDULE OF FIXED ASSETS DEPRECIATION
1995/96

ITEM	BALANCE AT 30.6.95	ADDITIONS	TOTAL	RATE	DEPRECIATION	BALANCE AT 30.6.96
Furniture and Equipment	378.0M	40.1M	418.1M	12.5%	52.3M	356.8M
Land and Buildings	2,598.8M	236.6M	2,835.4M	2%	56.7M	2,778.7M
Plant and Machinery	782.8M	-	782.8M	12.5%	97.8M	685.0M
Motor Vehicles (Non Marketing Fleet)	120.9M	-	120.9M	25%	30.2M	90.7M
Motor Vehicles (Marketing Fleet)	388.7M	53.6M	442.3M	37.5%	165.9M	276.4M
					402.9M	4,196.6M

APPENDIX 14

LAKE VICTORIA BOTTLING COMPANY LIMITED
SCHEDULE OF FIXED ASSETS DEPRECIATION
1996/97

ITEM	BALANCE AT 30.6.96	ADDITIONS	TOTAL	RATE	DEPRECIATION	BALANCE AT 30.6.97
Furniture and Equipment	365.8M	76.4M	442.2M	12.5%	55.3M	386.9M
Land and Buildings	2,778.7M	453.9M	3,232.6M	2%	64.7M	3,167.9M
Plant and Machinery	685.0M	428.3M	1,113.3M	12.5%	139.2M	974.1M
Motor Vehicles (Non Marketing Fleet)	90.7M	-	90.7M	25%	22.7M	68.0M
Motor Vehicles (Marketing Fleet)	276.4M	599.5M	875.9M	37.5%	328.5M	547.4M
					610.4M	5,144.3M

APPENDIX 15

LAKE VICTORIA BOTTLING COMPANY LIMITED
CASH FLOW PROJECTIONS FOR THE YEARS ENDING
30TH JUNE 1992/93 - 1996/97

I T E M	1992/93	1993/94	1994/95	1995/96	1996/97
OPENING CASH BALANCE	88.8	1,547.5	1,077.9	1,172.9	2,333.9
RECEIPTS					
SALES (GROSS)	17,829.3	19,373.1	20,961.6	22,521.6	24,080.6
Rehabilitation Loan A	2,384.3	-	-	-	-
Rehabilitation Loan B	-	1,433.3	-	-	-
Deposits on Bottles	192.8	203.4	220.9	238.4	250.3
Deposits on Shells	97.4	128.6	136.4	143.2	153.9
Collections from Debtors	-	421.8	463.9	510.4	561.4
TOTAL RECEIPTS	20,503.8	21,560.2	21,782.8	23,413.6	25,046.2
TOTAL AVAILABLE	20,592.6	23,107.7	22,860.7	24,586.5	27,380.1

APPENDIX 15 CONTD.

ITEM	1992/93	1993/94	1994/95	1995/96	1996/97
PAYMENTS					
Raw Materials	5,725.5	6,767.8	7,208.4	7,526.6	8,016.3
Other Production Expenses	730.9	791.3	851.9	911.7	969.6
Bottles	1,011.1	1,484.7	1,524.1	1,561.8	1,627.0
Additions (Plant and Machinery)	365.0	311.8	17.8	-	428.3
Additions (Land and Buildings)	94.5	205.7	205.7	236.6	453.9
Additions (Motor Vehicles)	412.8	619.4	46.6	53.6	599.5
Additions (Furniture and Equipment)	87.6	112.4	112.4	40.1	76.4
Marketing and Sales Expenses	1,242.0	1,212.9	1,183.8	1,154.7	1,081.3
Administration and Personnel	1,093.6	1,033.0	911.8	849.9	618.7
Internal Auditing	30.5	29.1	27.7	26.3	24.9
Finance and Accounting	34.3	33.1	32.8	32.1	30.8
Rehabilitation Loan Repayment	476.9	835.2	835.2	835.3	835.1
Rehabilitation Loan Interests (40%)	953.7	1,336.3	1,002.2	668.5	334.1
EADB Loan Repayment	480.0	439.3	371.0	-	-
EADB Loan Interests (40%)	113.1	105.6	39.7	-	-
UCB Loan Repayment	387.6	-	-	-	-
UCB Loan Interests	77.5	-	-	-	-
Corporation Tax (40%)	257.2	503.3	511.0	958.2	1,358.6
Dividends	-	200.0	300.0	400.0	500.0
Excise Duty and Sales/Tax on Products	5,471.3	6,008.7	6,505.7	6997.3	7,489.8
<u>TOTAL PAYMENTS</u>	19,045.1	22,029.8	21,687.8	22,252.6	24,444.3
CASH BALANCE C/F	1,547.5	1,077.9	1,172.9	2,333.9	2,935.8

APPENDIX 15(a)
LAKE VICTORIA BOTTLING COMPANY LIMITED
SOURCES AND USES OF FUNDS STATEMENTS
1992/93 TO 1996/97

SOURCES/(USES)	1992/93	1993/94	1994/95	1995/96	1996/97
Share Capital	-	-	-	-	-
Capital Reserves	-	-	-	-	-
Income Surplus	755.2	566.5	1,137.2	1,637.9	2,020.8
EADB Loan	(51.9)	(51.9)	(439.3)	(264.7)	-
Rehabilitation Loan	1,907.4	598.1	(835.2)	(835.2)	(835.1)
Short Term Loans	(350.0)	-	-	-	-
Industrial Land and Buildings	(271.7)	(155.8)	(152.7)	(170.9)	(389.2)
Other Land and Buildings	(137.5)	-	-	-	-
Plant and Machinery	(325.4)	(186.5)	94.0	97.8	(289.1)
Residential Property	223.9	-	-	-	-
Motor Vehicles	(144.0)	(220.5)	226.9	142.5	(248.3)
Furniture and Equipment	(51.5)	(66.7)	(58.4)	12.2	(21.1)
Other Fixed Assets	143.2	-	-	-	-
Bottles and Shells	170.6	(183.4)	(117.7)	(52.4)	(34.6)
Crown Corks	(43.0)	(41.7)	(12.1)	(12.0)	(11.8)
Raw Materials and other Stores	195.5	(330.6)	(273.8)	(73.0)	(41.9)
Import Prepayments/Goods in Transit	(306.3)	(399.5)	99.1	305.2	160.4
Local Purchas Prepayments	(42.5)	14.7	3.6	12.2	8.3
Debtors	(402.2)	(54.0)	(59.4)	(65.3)	(71.9)
Cash at Bank/on Hand/Imprest	(1,458.7)	469.6	(95.0)	(1,161.0)	(601.9)
Sales Tax and Excise Duty	(90.0)	40.3	41.5	40.9	41.1
Accrued Charges/Creditors	32.7	(6.1)	(5.9)	(5.6)	(5.6)
Corporate Tax	246.2	7.5	447.2	400.4	321.9
TOTAL SOURCES OF FUNDS	3,674.7	1,696.7	2,049.5	2,649.1	2,550.5
TOTAL USES OF FUNDS	3,674.7	1,696.7	2,049.5	2,649.1	2,550.5

APPENDIX 16

LAKE VICTORIA BOTTLING COMPANY LIMITED
PROJECTED BALANCE SHEET AS AT 30TH JUNE
1992/93 TO 1996/97

	1992/93	1993/94	1994/95	1995/96	1996/97
Share Capital and Reserves					
Share Capital (UG Shs Million)	4.8	4.8	4.8	4.8	4.8
Capital Reserves	1,804.8	1,804.8	1,804.8	1,804.8	1,804.8
Income Surplus	1,627.6	2,194.1	3,331.1	4,969.2	6,990.0
LOANS					
Long Term Loans					
EADB ($702,462)	755.9	704.0	264.7	-	-
Rehabilitation Loan ($3,817.6M)	1,907.4	2,505.5	1,670.3	835.1	-
	2,663.3	3,209.5	1,935.0	835.1	-
TOTAL EQUITY AND LOANS	6,100.5	7,213.2	7,075.9	7,613.9	8,799.6
EQUITY AND LOANS REPRESENTED BY					
FIXED ASSETS					
Industrial Land and Buildings	2,290.3	2,446.1	2,508.8	2,778.7	3,167.9
Plant and Machinery	690.3	876.8	782.8	685.0	974.1
Motor Vehicles	516.0	736.5	590.6	367.1	615.4
Furniture and Equipment	252.9	310.6	378.0	365.8	386.9
TOTAL FIXED ASSETS	3,749.5	4,370.0	4,260.2	4,196.6	5,144.3

APPENDIX 16 CONTD.

	1992/93	1993/94	1994/95	1995/96	1996/97
<u>CURRENT ASSETS</u>					
Bottles and Shells	223.6	407.0	524.7	577.1	611.7
Crown Corks	91.6	133.3	145.4	157.4	169.2
Raw Materials and other Stores	281.8	612.4	886.2	959.2	1,001.1
Import Prepayments/Goods in Transit	774.9	1,174.4	1,075.3	770.1	609.7
Local Purchase Prepayments	60.8	46.1	42.5	30.3	24.0
Debtors	540.0	594.0	653.4	718.7	790.6
Cash at Bank/on Hand/Imprest	1,547.5	1,077.9	1,172.9	2,333.9	2,935.8
	3,520.2	4,045.1	4,500.4	5,546.7	6,142.1
<u>LESS: CURRENT LIABILITIES</u>					
Sales Tax and Excise Duty	463.8	504.1	545.6	586.5	627.6
Accrued Charges/Creditors	201.9	195.8	189.9	184.3	178.7
Corporate Tax	503.5	511.0	958.2	1,358.6	1,680.5
	1,169.2	1,210.9	1,693.7	2,129.4	2,486.8
	2,351.0	2,834.2	2,806.7	3,417.3	3,655.3
NET CURRENT ASSETS	6,100.5	7,213.2	7,075.9	7,613.9	8,799.6

APPENDIX 17

LAKE VICTORIA BOTTLING COMPANY LIMITED
FINANCIAL RATIOS (IN %)

	RATIO	FORMULA	1991/92*	1992/93**	1993/94**	1994/95**	1995/96**	1996/97**
(1)	Variables to Sales Margin	(Net Sales Minus Var. Cost of Goods Sold)/ Net Sales	38.96	48.2	48.1	48.1	48.1	48.1
(2)	Operational Margin to Sales	("1)" minus Fixed Cost) Net Sales	13.58	46.9	46.8	47.0	47.1	47.0
(3)	Net Operating Profit to Sales	("2)" minus Cost of Finance)/Net Sales	9.87	9.9	9.3	16.0	21.2	24.5
(4)	Return on Equity	("3)"/Equity and Reserves	14.22	36.6	31.9	46.6	50.1	47.7
(5)	Return on Total Capital	(2")" divided by Liabi-lities	13.09	20.6	17.7	33.9	44.6	47.7
(6)	Equity to Total Capital	Equity and Reserves/ Total Capital	66.90	56.3	55.5	72.7	89.0	100.0
(7)	Current Ratio	Current Assets/Current Liabilities	372.48	301.1	334.1	265.7	260.5	247.0
(8)	Gearing	Long Term Debts/Equity, Reserves, Net Profit	0	77.5	80.2	37.6	12.3	0
(9)	Acid Test	(Cash + Debitors + Marketable Securities)/ Current Liabilities	372.48	250.0	238.9	173.8	180.9	175.3
(10)	Debt to Gross Cash Flow	(Long + Short Term Loans)/(Net Profit + Depreciation)	149.64	220.9	231.5	100.3	34.2	0

APPENDIX 17 CONTD.

	RATIO	FORMULA	1991/92*	1992/93**	1993/94**	1994/95**	1995/96**	1996/97**
(11)	Administration Overheads to Sales Marketing		6.22	8.6	7.4	6.1	5.2	3.6
(12)	Overheads to Sales		1.38	9.70	8.7	7.9	7.1	6.3
(13)	Vulnerability of Stocks	Stocks/Working Capital	21.52	25.4	40.7	55.4	49.6	48.8
(14)	Fixed Assets Cover	Equity and Reserves/ Fixed Assets (Net)	113.49	91.7	91.4	120.4	161.5	171.1
(15)	Assets Structure Capital	Fixed Assets/Net	143.59	61.5	60.7	60.3	55.1	58.5

* *Estimated by Kienbaum and Partner*
** *Estimated by IMAS*

APPENDIX 18

LAKE VICTORIA BOTTLING COMPANY LIMITED
PROJECTED OPERATING STATEMENTS FOR THE YEARS
ENDING 30TH JUNE 1993 TO 1997
(U.SH MILLIONS)
Sensitivity Analysis Scenario 1 (ie. 10% increase in levels of projected cost)

I T E M	1992/93	1993/94	1994/95	1995/96	1996/97
Net Sales	12,686.0	13,788.0	14,924.8	16,044.8	17,167.3
Less Cost of Sales	7,403.8	8,071.1	8,704.9	9,328.7	10,013.3
Gross Profit	5,282.2	5,716.9	6,219.9	6,716.1	7,154.0
Less Marketing, Finance and Administrative Charges	5,166.3	5,690.4	5,077.4	4,584.5	4,249.3
Profit/(Loss) Before Tax	155.9	26.5	1,142.5	2,131.6	2,904.7
Tax	46.4	10.6	457.0	852.6	1,161.8
Profit/(Loss) After Tax	69.5	15.9	685.5	1,279.0	1,742.9

APPENDIX 19

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROJECTED OPERATING STATEMENTS FOR THE YEARS ENDING 30TH JUNE 1993 TO 1997

(U.SH MILLIONS)

Sensitivity Analysis Scenario 2 (ie. 20% increase in levels of projected cost)

I T E M	1992/93	1993/94	1994/95	1995/96	1996/97
Net Sales	12,686.0	13,788.0	14,924.8	16,044.8	17,167.3
Less Cost of Sales	8,076.8	8,804.9	9,496.3	10,176.7	10,923.6
Gross Profit	4,609.2	4,983.1	5,428.5	5,868.1	6,243.7
Less Marketing, Finance and Administrative Charges	5,635.9	6,207.7	5,538.9	5,001.2	4,635.6
Profit/(Loss) Before Tax	(1,026.7)	(1,224.6)	(110.4)	866.9	1,608.1
Tax	-	-	-	346.7	643.2
Profit/(Loss) After Tax	(1,026.7)	(1,224.6)	(110.4)	520.2	964.9

APPENDIX 20

LAKE VICTORIA BOTTLING COMPANY LIMITED

CASH FLOW DISCOUNTING SCENARIO 1

(ie. No change in costs/projected levels)

I T E M	1992/93	1993/94	1994/95	1995/96	1996/97
Cash Inflows					
Net Profit/(Loss) After Tax	755.2	766.5	1,437.2	2,037.9	2,520.8
Add Depreciation	450.2	619.8	492.3	402.9	610.4
Interest Tax Shield	686.6	865.1	625.1	401.1	200.5
Total Cash Inflows	1,892.0	2,251.4	2,554.6	2,841.9	3,331.7
Less Cash Outflows	(2,384.3)	(1,433.3)	-	-	-
Net Cash Inflows/(Outflows)	(492.3)	818.1	2,554.6	2,841.9	3,331.7

Net Present Value (NPV) = 2,356

*** Discount Rate = 40% p.a.**

APPENDIX 21

LAKE VICTORIA BOTTLING COMPANY LIMITED

CASH FLOW DISCOUNTING SCENARIO 2

(ie. 10% increase in levels of projected cost)

I T E M	1992/93	1993/94	1994/95	1995/96	1996/97
Cash Inflows					
Net Profit/(Loss) After Tax	69.5	15.9	685.5	1,279.0	1,742.9
Add Depreciation	495.2	681.8	541.5	443.2	671.4
Interest Tax Shield	755.2	951.6	687.6	441.2	220.5
Total Cash Inflows	1,319.9	1,649.3	1,914.6	2,163.4	2,634.8
Less Cash Outflows	(2,384.3)	(1,433.3)	-	-	-
Net Cash Inflows/(Outflows)	(1,064.4)	216.0	1,914.6	2,163.4	2,634.8

Net Present Value (NPV) = 1,101

*** Discount Rate = 40% p.a.**

APPENDIX 22

LAKE VICTORIA BOTTLING COMPANY LIMITED
CASH FLOW DISCOUNTING SCENARIO 3

(ie. 20% increase in levels of projected cost)

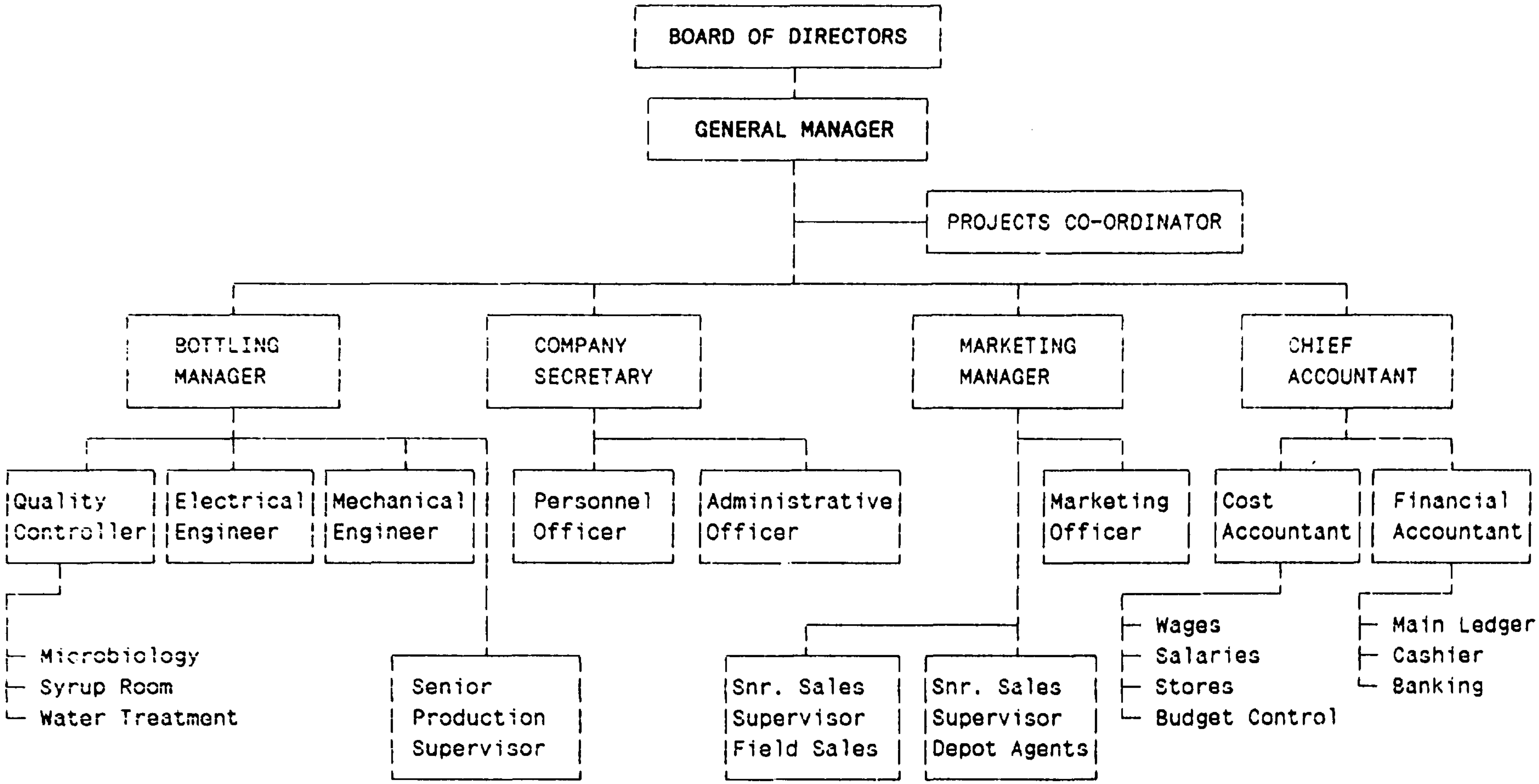
I T E M	1992/93	1993/94	1994/95	1995/96	1996/97
Cash Inflows					
Net Profit/(Loss) After Tax	(1,026.7)	(1,224.6)	(110.4)	520.2	964.9
Add Depreciation	540.2	743.7	590.7	483.5	732.5
Interest Tax Shield	823.9	1,038.2	750.2	481.3	240.6
Total Cash Inflows	337.4	577.3	1,230.5	1,485.0	1,938.0
Less Cash Outflows	(2,384.3)	(1,433.3)	-	-	-
Net Cash Inflows/(Outflows)	(2,046.9)	876.0	1,230.5	1,485.0	1,938.0

Net Present Value (NPV) = 180

*** Discount Rate = 40% p.a.**

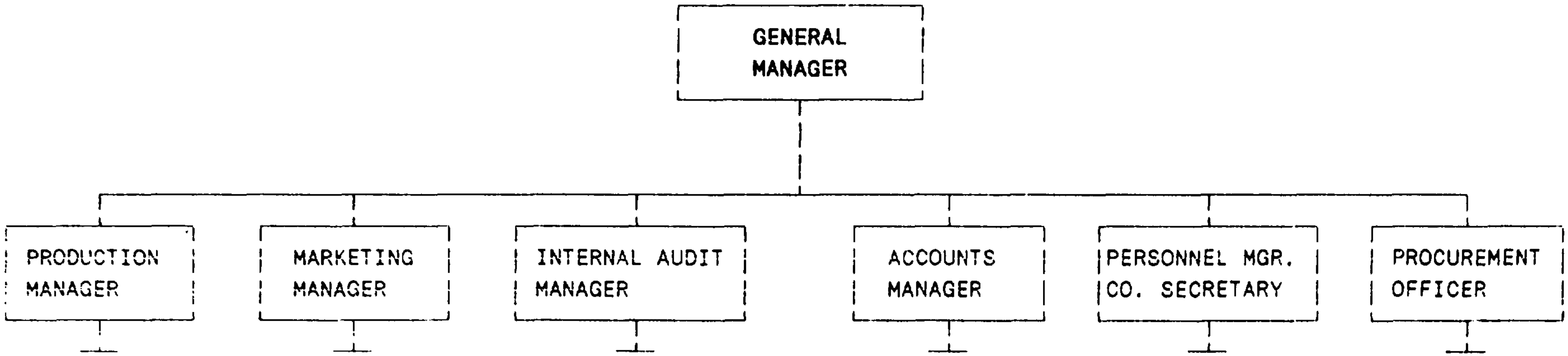
APPENDIX 23

LAKE VICTORIA BOTTLING COMPANY LIMITED
ORGANIZATION CHART OF LVBC



APPENDIX 24(a)

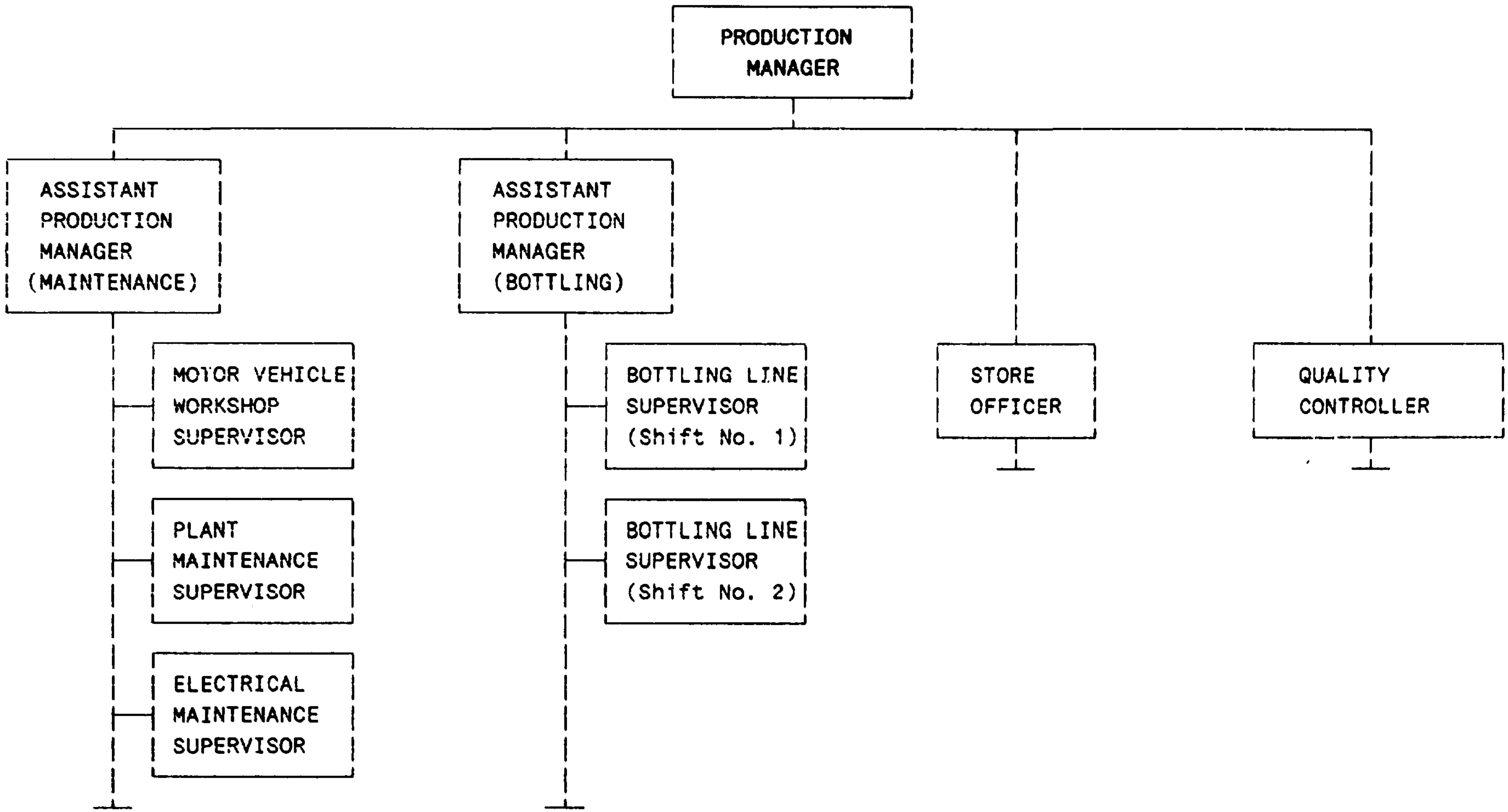
LAKE VICTORIA BOTTLING COMPANY LIMITED
PROPOSED ORGANIZATION CHART



KEY:

- Additional staff report to this position
Chart depicts reporting relationships only and not grade.

APPENDIX 24(b)
LAKE VICTORIA BOTTLING COMPANY LIMITED
PROPOSED ORGANIZATION CHART OF PRODUCTION DEPARTMENT



KEY:

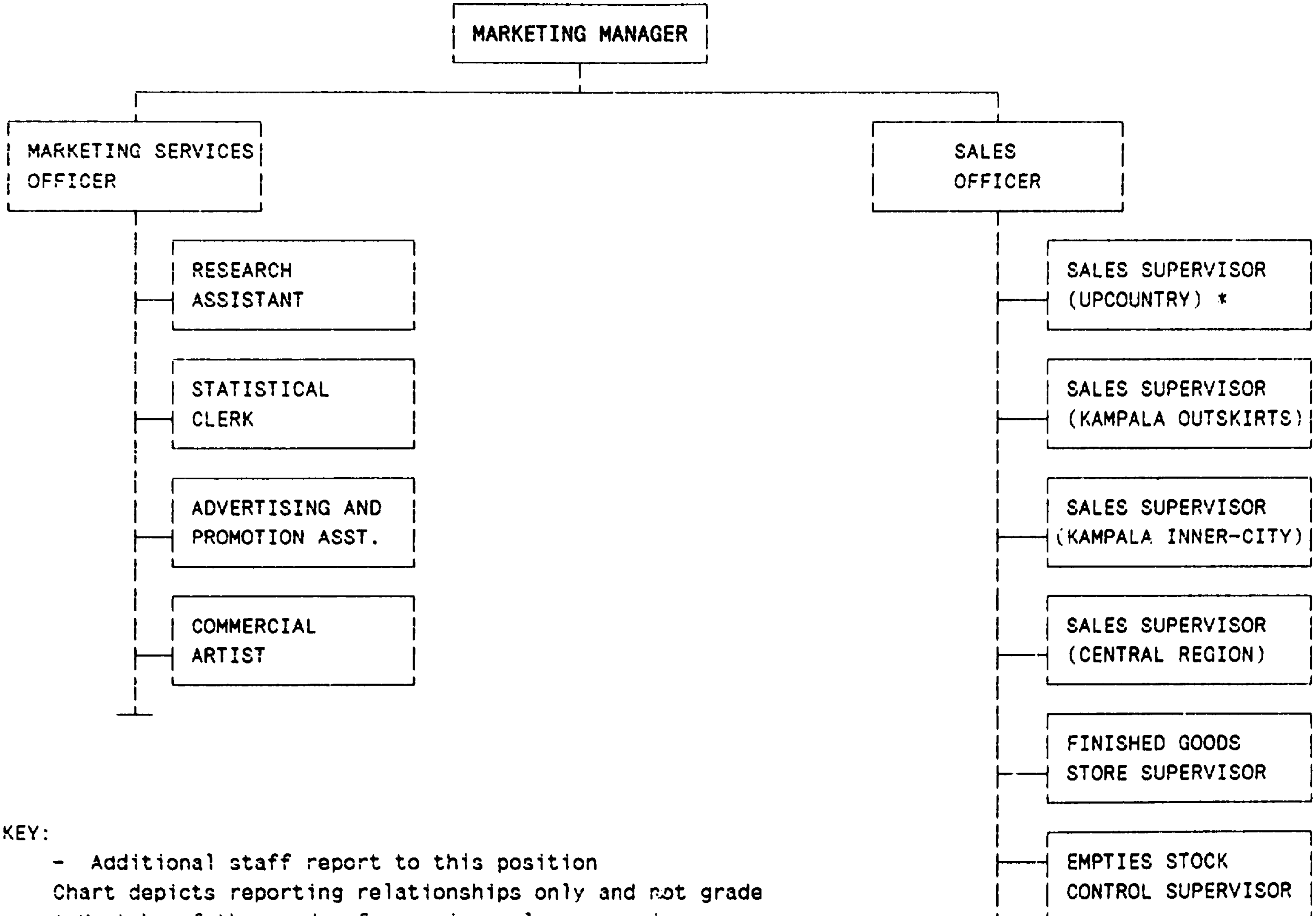
- Additional staff report to this position

Chart depicts reporting relationships only and not grade.

APPENDIX 24(c)

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROPOSED ORGANIZATION CHART OF MARKETING DEPARTMENT



KEY:

- Additional staff report to this position

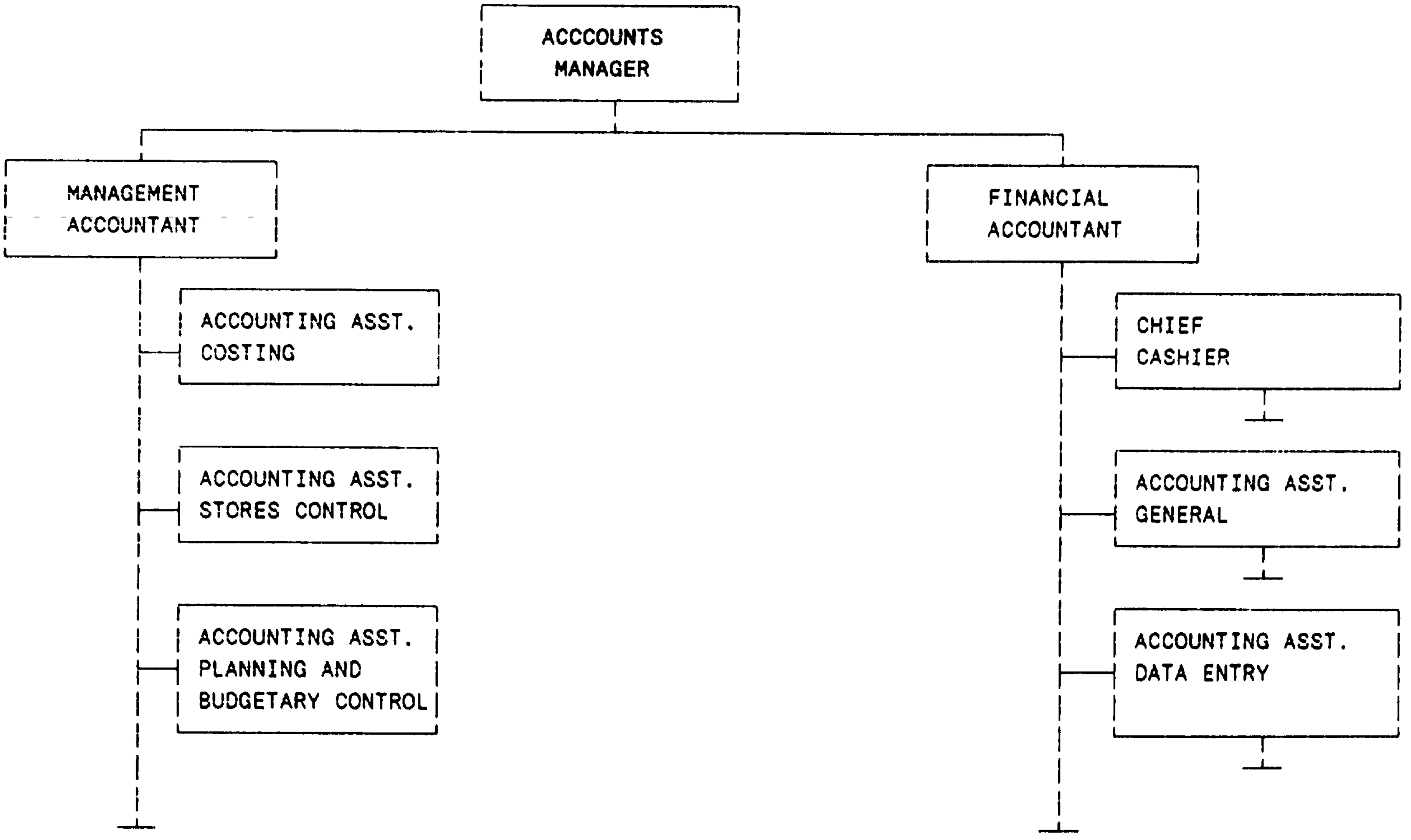
Chart depicts reporting relationships only and not grade

* Must be of the grade of a senior sales supervisor.

APPENDIX 24(d)

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROPOSED ORGANIZATION CHART OF ACCOUNTS DEPARTMENT



KEY:

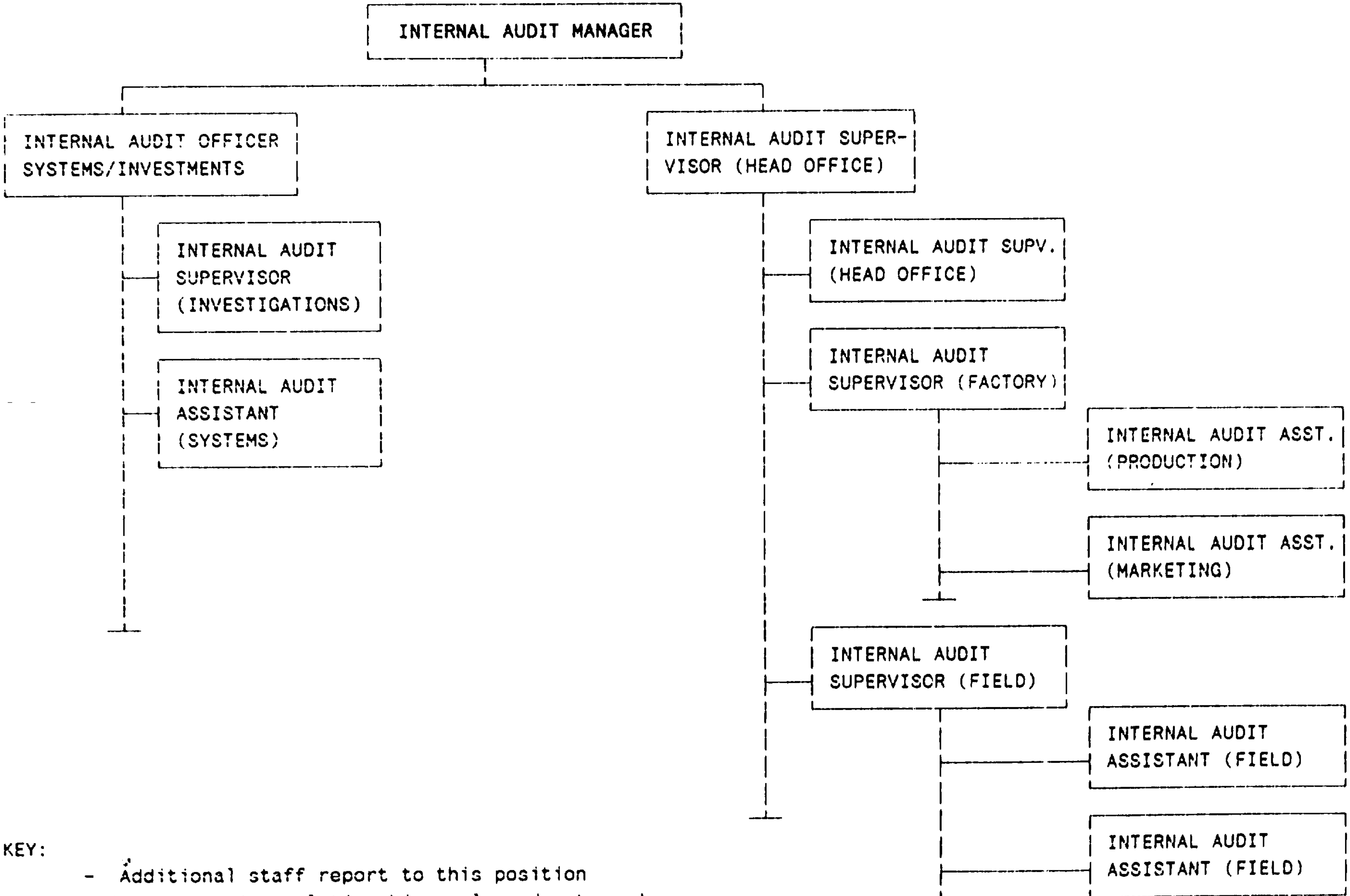
- Additional staff report to this position

Chart depicts reporting relationships only and not grade.

APPENDIX 24(e)

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROPOSED ORGANIZATION CHART OF INTERNAL AUDIT DEPARTMENT

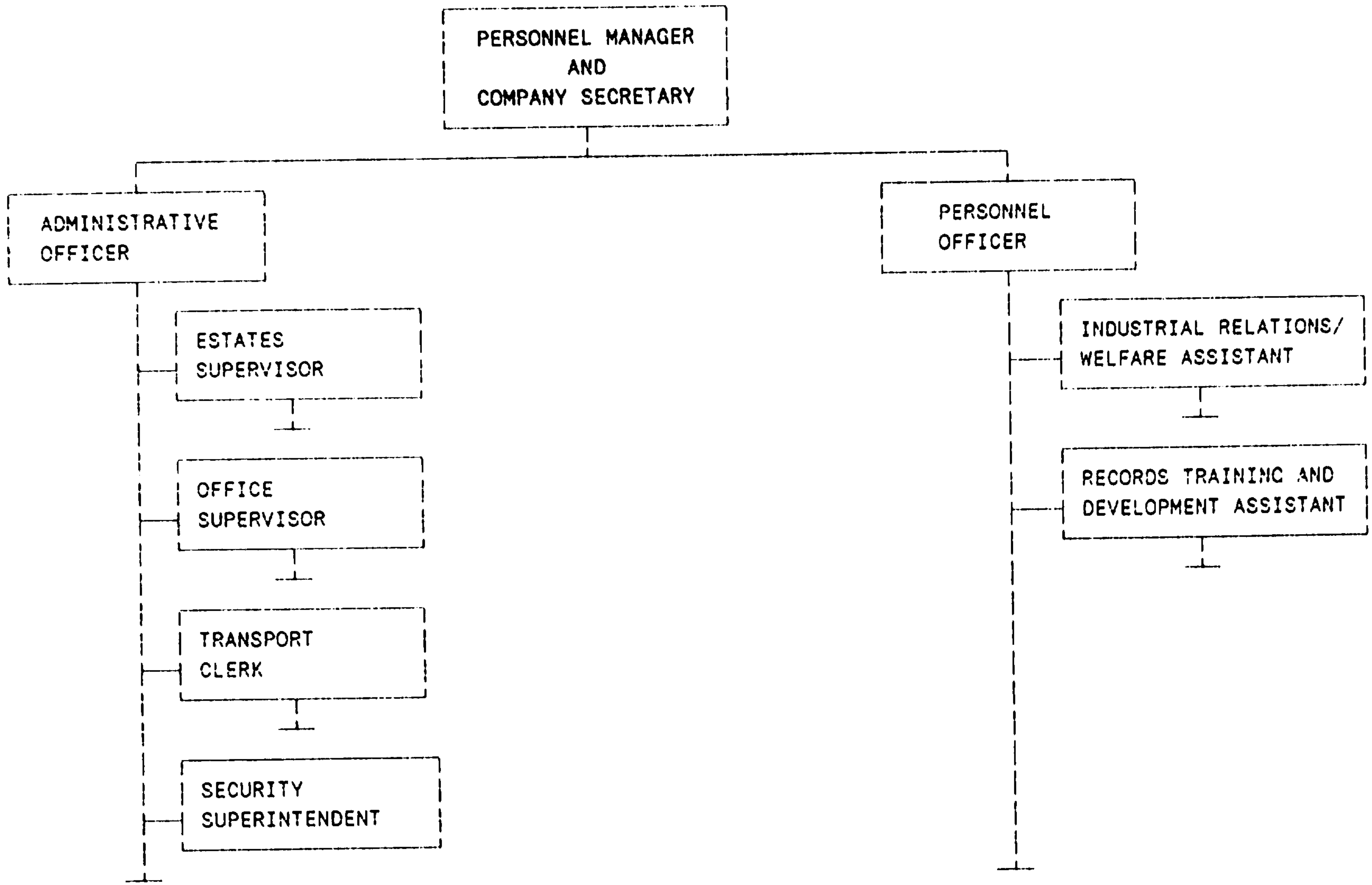


KEY:

- Additional staff report to this position

Chart depicts reporting relationships only and not grade

APPENDIX 24(f)
LAKE VICTORIA BOTTLING COMPANY LIMITED
PROPOSED ORGANIZATION CHART OF PERSONNEL DEPARTMENT



KEY:

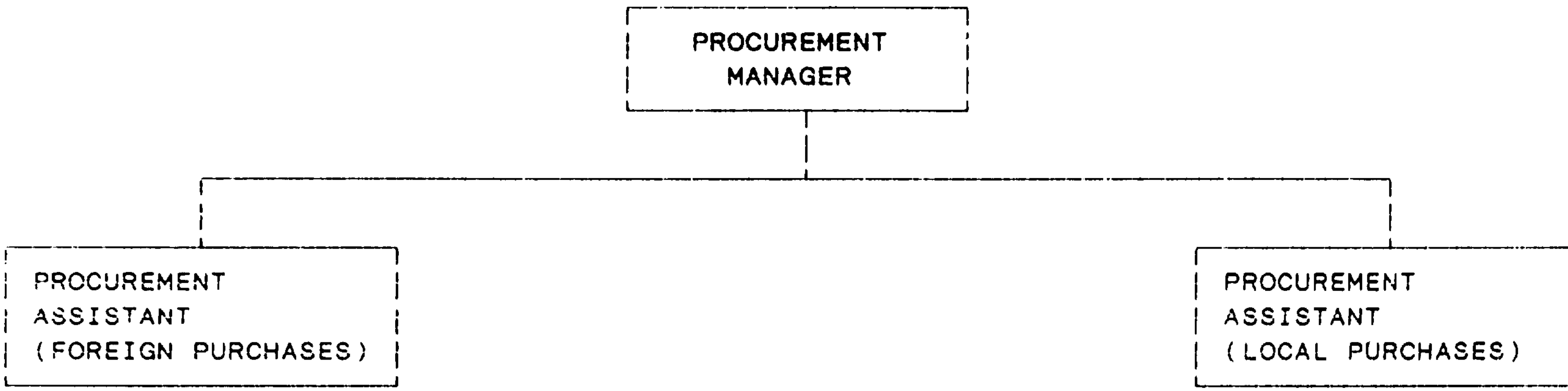
- Additional staff report to this position

Chart depicts reporting relationships only and not grade.

APPENDIX 24(g)

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROPOSED ORGANIZATION CHART OF PROCUREMENT SECTION



KEY:

- Additional staff report to this position

Chart depicts reporting relationships only and grade.

PART VII: FINANCE AND ACCOUNTING REPORT ON LAKE VICTORIA BOTTLING COMPANY LIMITED

CHAPTER 19.0. INTRODUCTION

FINANCE AND ACCOUNTING REPORT ON LAKE VICTORIA BOTTLING COMPANY

19.0. INTRODUCTION

19.1. Background

19.1.1. Under Contract No. *BR/UGA/89/001* **Public Industrial Enterprises Secretariat,** a Finance and Accounting Programme was carried out at **Lake Victoria Bottling Company Limited** *(LVBC)* between August 22 - September 13, 1991 as part of a Technical Assistance Programme extended to that Company. This is a report on the programme.

19.2. Programme Aims and Scope

The programme aimed at the following:-

19.2.1. Identifying and recommending areas of potential cost reductions in the Company's operations.

19.2.2. Evolving an efficient management information system at **LVBC** which will guarantee cost consciousness at all operational levels and at the same time create a sense of functional responsibility for cost effectiveness.

19.3. Acknowledgement

19.3.1. **IMAS** wishes to express its sincere gratitude to the Management and Staff of **LVBC** for their support in carrying out this assignment.

19.3.2. Special thanks go to the Company's Chief Accountant, **Mr. Jackson Opwonya**, and his two subordinates, **Messrs. J. Byekwaso** and **H. Balyejjusa**, for their co-operation given to the Consultants in their work without which the completion of the programme on schedule would not have been possible.

19.4. Programme Objectives

It was expected that by the end of the programme, the Head of the Accounting and Finance Department of **LVBC** and his subordinates would be able to do the following:-

19.4.1. *Develop a Cost Accounting System which will*:

a) ensure that costs of finished products will not transfer cost of any inefficiencies in production to the ultimate consumer;

b) provide flexible cost structures that will facilitate pricing of the finished goods;

c) be adaptable to computerization;

d) adopt a method of batch costing to enable product cost to be audited and monthly production reports to be analyzed.

19.4.2. *Develop a Budgeting System for LVBC which will*:

a) create responsibility accounting;

b) motivate high performance by all functions in the areas of cost cutting and profit maximization;

c) provide instant checks on and halt unplanned spending;

d) provide a feedback mechanism for actual departmental performance in relation to planned performance approved for annual profit plans;

e) be adaptable to computerization;

19.4.3. *Develop an Improved Reporting System which will*:

a) be capable of identifying and reviewing management information needs at all times;

b) prescribe management information report formats for all responsibility centres, indicating levels and frequency of reporting;

c) be adaptable for computerization;

d) set target reporting dates;

e) provide opportunities for feedback on reports.

19.4.4. *Develop a Detailed Controlling System which will*:

a) utilise effective financial and management accounting systems and procedures well suited for capturing data required in the processing of basic periodic financial information viz:-

- *Profit and Loss Account*
- *Balance Sheet*
- *Funds Flow Statement*

b) enhance management control of operations by exception reporting through highlighting deviations of actual performance from planned performance within a budget period;

c) demand periodic and timely analysis of the Company's business situation in terms of its liquidity and profitability.

19.4.5. ***Develop a Financial Planning System which will:***

a) enhance top management control of enterprise cash and working capital through the preparation of weekly, monthly, quarterly and annual cash budgets.

- *the preparation of debtors monthly ageing analysis.*
- *the preparation of monthly analysis of stock in-trade at current selling price, indicating realizable mark-up and unrealised Government taxes.*

b) support tax planning.

19.4.6. ***Develop a Liquidity Control System which will:***

a) provide an ideal measure of the extent to which the Company should be deemed prepared to satisfy all maturing financial obligations under both normal and abnormal operating conditions.

CHAPTER 20.0. SUMMARY OF RECOMMENDATIONS

20.0. SUMMARY OF RECOMMENDATIONS

A restructured Chart of Accounts *(Appendix 2)* should be used for computerization of the Accounting System of **LVBC.**

Batch costing method should be adopted as a basis for the periodic production accounts.

Last-In-First-Out *(L.I.F.O)* method of inventory valuation should be adopted for valuing material issues to production.

The production of a Daily Labour Usage report should be commenced as a component part of the Batch Costing method.

A Staff Cost Recovery Account should be operated in order to check losses through productive staff absenteeism.

A planned capacity absorption rate should be adopted as a basis for absorbing production fixed overheads.

Separate bottles and Shells control accounts should be operated in order to minimise losses through customer retention.

A Budget Committee should be formed to, inter alia, formulate board guidelines for the preparation of **LVBC** annual budgets.

The Directors' Report on annual accounts should, in future, be made to include significant changes in **LVBC**'s operation, such as curtailment, major rehabilitation programmes, as well as changes in the capital structure of the Company.

The presentation of the annual balance sheet should be done in such a way as to show the Company's assets first followed by how they have been financed as at the end of each year.

The annual financial statements to be presented to the shareholders by the Directors should be prepared in such a way as to show first the *'Balance Sheet'* followed by the *'Profit and Loss Accounts'* and a *'Statement of Source and Application of Funds'* and then notes to the accounts.

Variance analysis and interpretations should be taken more seriously by the Management of **LVBC**. Interpretation of variances should only be carried out by officers who have relevant knowledge about the peculiarities and circumstances of the Company.

In order to improve upon **LVBC**'s financial planning and working capital management, the Company's management should immediately commence the use of weekly, monthly, quarterly and annual cash budgets.

As part of the efforts towards improving the liquidity control system, **LVBC** management should do the following:-

- Commence active use of liquidity ratios for weekly, monthly, quarterly and annual reporting.
- Formulate a tax plan which will use a piecemeal payment scheme for sales taxes and excise duties.
- Open a Deposit at Notice Account at Uganda Commercial Bank to lighten the burden of transactions involving Letters of Credit

LVBC Accounting Personnel should be given intensive training in Lotus 1-2-3 and Database Management while selected Secretarial Staff should be given training in Word Processing.

CHAPTER 21.0. SYSTEMS REVIEW AND DEVELOPMENT

21.0. SYSTEMS REVIEW AND DEVELOPMENT

21.1. Review and Development Methodology

21.1.1. *Operations Review*

For the purpose of the review of the Company's operations with a view to identifying areas of possible cost reductions, suitable questionnaires were designed for each functional area in order to gain an insight into, and knowledge about **LVBC** operations as detailed below:-

Functional Area	Operations Reviewed
(i) Production	a. Purchasing - both local and overseas. b. Raw material stores accounting and finished goods. c. Production processes. d. Methods of accounting for the process costs. e. Preventive maintenance schemes f. Vehicle running.
(ii) Administration and Personnel	a. Wages and salaries administration. b. Attendance registration. c. Clock-card system.
(iv) Accounting and Finance	a. Bank and Cash Control. b. Present product costing method. c. Revenue and Expenditure planning and controlling. d. Acquisition, recording and disposal of fixed assets. e. The issue of write-downs on bottles and shells. f. The incidence of taxes and duties on movement of raw materials and finished goods. g. Cash planning.

Functional Area	Operations Reviewed
(v) Marketing	a. Sales Accounting - Full goods and empties Depot Activities. b. Credit Control

21.1.2. The Chief Accountant and his subordinates were fully engaged with the Finance and Accounting Specialist throughout the above phases, discussing all identified areas of possible cost reduction and examining the practicabilities of all recommendations made in the light of production methods, physical distribution and store-keeping as well as accounting for full goods and empties.

21.1.3. From the middle stage of the programme up to the end of September 13, 1991, personnel from **PIES** *(Public Industrial Enterprises Secretariat)* joined in the discussions.

21.1.4. Appendix 1 shows extracts of minutes of a meeting which discussed Cost Control.

21.2. Chart of Accounts

21.2.1. *Existing LVBC Chart of Accounts*

Appendix 2 shows the **PIES** Chart of Accounts which was to be used by **LVBC** to capture basic data for processing accounting information during the pursuit of the programme.

As a step towards the creation of a formalized and integrated system of planning, budgeting, costing, reporting and controlling, responsibility centres were created and assigned with accounts codes.

Thus, codes were assigned to cost centre codes such as Production *(ie. variable and fixed cost)*, Marketing and Sales, Administration and Personnel, including Audit and finally, Accounting and Finance.

These centres correspond with the proposed first line functional areas of the Company which are each headed by a Manager. This position title of Manager should, however, not be confused with the existing grade titles of M1, M2 and M3, etc.

21.2.2. *Restructuring of PIES Chart of Accounts*

A critical appraisal of the recommended chart of accounts embodied in **PIES** Financial and Costing Manuals was made with a view to adapting it for the purpose of **Lake Victoria Bottling Company's** accounting system.

The principal objective of the Chart is to serve as a guide to data capturing, information processing and reporting by companies whose operations are monitored by **PIES**.

However, in the case of **LVBC**, it was discovered that the structure of the **PIES** Chart of Accounts was such that it required some changes before it could be suitable for the purpose of generating various management information reports. This is because when it comes to computerization, the structure of the **PIES** Chart of Accounts makes it difficult to break on levels during programming. Besides, the design of the chart was not report oriented.

Thus, the production of the two reports regularly prepared by the Company - Balance Sheet and Profit and Loss Accounts was not considered in the initial design of the structure.

At a meeting on September 12, 1991 between the **IMAS** Consultant and the **PIES** Financial Expert, the foregoing observations were discussed and the proposed changes in the **PIES** Chart of Accounts to suit the operations of **LVBC** were explained.

In view of the foregoing, the **PIES** chart was tailored to make it suitable for meeting the processing requirements of **LVBC**'s new management information system.

The new Chart of Accounts is provided in Appendix 3 and is preceded by a summary of the Accounts Classes, Sub-Classes and Groups in Appendix 2.

21.3. Cost Accounting System

21.3.1. *Creation of Cost Centres*

On the basis of the insight gained into the production processes at the **LVBC** factory, three cost centres considered relevant were defined, viz:-

1. *Syruping*
2. *Carbonation and*
3. *Bottling*

21.3.2. *Recommended Coding System for the Production Cost Centres*

The basis of the production account should be batch costing. Each batch cost must be identified with a product brand, eg. Pepsi-Cola batch 1, 2, 3 and Mirinda batch 1, 2, 3, etc. so that in a given shift of 3 batches there could be for example, one batch of Pepsi and 2 batches of any other brand and vice versa.

This means that by each week-end or month-end, the Accounts Department should be able to translate production in the form of a number of batches of each brand produced into financial terms.

In arriving at the cost of each batch produced, total cost of production should be broken down into two main headings. Variable costs and Fixed costs.

Variable costs should consist of the following:-

- Concentrates Usage
- Sugar Usage
- Carbon Dioxide ($CO^{'}$) Usage
- Water Usage

The total of these should constitute direct materials usage. To this must be added direct labour and other variable overheads.

ASSIGNING ACCOUNTS CODES

In keeping with the Consultants' recommendation of modification to the PIES Chart, the following brand, materials, labour and overheads codes have been provided:-

BRAND CODES

01	PC	-	Pepsi Cola
02	M1	-	Mirinda (Orange)
03	TM	-	Teem (Lemon)
04	EV/cs	-	Evervess/cs
05	EV/TW	-	Evervess/TW

DIRECT MATERIALS SERIAL NUMBERS

1	Concentrates
2	Sugar
3	Carbon Dioxide
4	Water (Portion used in finished product)

Combining the above codes provides direct material codes by brand, with the direct material serial numbers suffixing the brand codes. Thus concentrate consumption for Pepsi Cola production will be identified as

01 1

Concentrate

Pepsi Cola

Accordingly, the following is a list of material usage by brand.

Codes	Direct Material	Brand
011	Concentrates	PEPSI
021	"	MI
031	"	TM
041	"	EV/CS
051	"	EV/TW
012	Sugar	PC
022	"	MI
032	"	TM
042	"	EV/CS
052	"	EV/TW
013	CO2	PEPSI
023	"	MI
033	"	TM
043	"	EV/CS
053	"	EV/TW
014	Water	PEPSI
024	"	MI
034	"	TM
044	"	EV/CS
054	"	EV/TW

For ease of process cost classification and also in order to fit into the **PIES** recommended Chart of Accounts, two additional distinct codes for variable expenses *(major group 5)* and raw materials *(sub-group 1)* have been adopted to structure the above account numbers of raw material usage by brand.

The full direct material usage account codes are provided below and on the next page:-

Direct Material Usage Codes		**Brand**
Concentrates	Pepsi	2251011
"	Mirinda	2251021
"	Teem	2251031
"	Evervess/CS	2251041
"	Evervess/TW	2251051
Sugar	Pepsi	2251012
"	Mirinda	2251022
"	Teem	2251032
"	Evervess/CS	2251042
"	Evervess/TW	2251052
CO2	Pepsi	2251013
"	Mirinda	2251023
"	Teem	2251033
"	Evervess/CS	2251043
"	Evervess/TW	2251053
Water	Pepsi	2251014
"	Mirinda	2251024
"	Teem	2251034
"	Evervess/CS	2251044
"	Evervess/TW	2251054

Direct Labour and Benefits		**A/C Codes**
Direct Labour - Basic	Pepsi	2252011
" "	Mirinda	2252021
" "	Teem	2252031
" "	EV/CS	2252041
" "	EV/TW	2252051
Direct Labour - Incentives	Pepsi	2252012
" "	Mirinda	2252022
" "	Teem	2252032
" "	EV/CS	2252042
" "	EV/TW	2252052
Direct Labour - Overtime	Pepsi	2252013
" "	Mirinda	2252023
" "	Teem	2252033
" "	EV/CS	2252043
" "	EV/TW	2252053

Direct Labour and Benefits		**A/C Codes**
Direct Labour - Bonus	Pepsi	2252014
" "	Mirinda	2252024
" "	Teem	2252034
" "	EV/CS	2252044
" "	EV/TW	2252054
Direct Labour - Awards	Pepsi	2252015
" "	Mirinda	2252025
" "	Teem	2252035
" "	EV/CS	2252045
" "	EV/TW	2252055

Full codes are as follows:-

Bottle Wash Chemicals	Pepsi	2253011
" "	Mirinda	2253021
" "	Teem	2253031
" "	EV/CS	2253041
" "	EV/TW	2253051
Bottle Breakages (In Plant)		
" "	Pepsi	2253012
" "	Mirinda	2253022
" "	Teem	2253032
" "	EV/CS	2253042
" "	EV/TW	2253052
Fuel (Boiler)	Pepsi	2253013
" "	Mirinda	2253023
" "	Teem	2253033
" "	EV/CS	2253043
" "	EV/TW	2253053

21.3.3 *Last In First Out (L.I.F.O)*

Two alternative methods for valuing material issues were critically examined in turn and practically tested for their effectiveness and ease of application, in consultation with the Chief Accountant and the Cost Accountant.

These are: (i) *"Average pricing"* *(Appendix 28)*
(ii) *"Last-in-First-Out"* *method (Appendix 29)*

The Consultants recommend the *Last In First Out (LIFO)* method for immediate use by the Accounts Department in valuing material issues.

21.3.4 *Method of Costing for Labour*

On the basis of approved monthly wage or salary per productive worker and an estimated number of expected productive hours per month, the labour hourly rates shall be calculated, taking into account all other employment costs. This shall be the basis of labour cost charge to batch production.

Once a production worker clocks in at the security gate and walks to the factory, he will be expected to work, with appropriate allowances being given for changing over and machine set up times, until he finally clocks out during lunch break or at close of business.

Thus, if a productive worker's time is effectively used by Management in the factory in converting raw materials to finished goods, the conversion cost will wholly include the total cost of hiring and maintaining such productive worker for the duration of the production process.

As a recommended method therefore, labour cost component of each batch to be produced shall be ascertained and allocated to production by multiplying the individual's (or group's) time cost rate(s) to reported number of hours worked by grade and per batch. Appendix 8, Daily Labour Usage Report, exhibits the batch report format for capturing basic information on productive labour per batch per grade.

21.3.5 *Illustration*

Assuming in the Bottling Cost Centre, the following grades of productive labour were engaged in one batch production of Pepsi.

GRADE	**TIME WORKED**	**RATE**		**LABOUR COST TO BE ALLOCATED**
1	2 hrs.	900		1,800
2	4 hrs.	800		3,200
3	2 1/2 hrs.	700		3,500
Total Labour Cost to be Allocated			USh.	8,500

It is recommended that the above schedule prepared on the basis of a batch report should be furnished to the Accounting Department from the Production Department on a daily basis.

Accounting Treatment

Debit : Batch Cost A/C
Credit : Labour Cost Control A/C, with actual cost of labour hours worked.

This method of costing for labour therefore replaces the present method of aggregating wages and salaries bill for a whole month without any possibility of relating same to batches produced during a production period.

21.3.6 *Staff Cost Recovery Account*

Cost of absenteeism shall be recovered by the Company on the basis of hourly rate multiplied by the actual number of hours absent.

The rate shall be derived from the approved number of hours expected to be worked per month in relation to the approved pay scale per month plus attendant staff costs.

Example: Mr. X absented himself from work for 2 working days in August, 1991, ie. 16 hours (2 x 8 hrs. per day).

Assuming Mr. X's basic wage	=	Ush.	60,000
and Benefits 50%	=		30,000

X's total cost for 160 hrs	=		90,000
			======

Expected Labour hourly rate is therefore Ush. 562.50 *(ie. USh 90,000/160 hrs. in four weeks each producing 40 hrs).*

The total amount of loss to the Company through the absenteeism is *(USh 562.5 x 16) or USh 9001.60.*

21.3.7 *Recovery of Staff Cost Lost Through Absenteeism*

In order to hold in check the incidence of costs incurred through unauthorized absenteeism of staff, the creation and operation of a staff Ccst Recovery Account is highly recommended. The counterpart of this account will be the departmental salaries and wages account. The accounting treatment will be as follows:

Debit : Staff Cost Recovery Account
Credit : Departmental Salaries and Wages Account, with the total amount of staff Cost recovered by Month.

The total recoverable amount will be obtained from the monthly payroll.

In this connection, it is recommended that the Personnel Department be required to send to the Chief Accountant by 9.00 a.m each working day, daily returns on staff clocked time worked during the previous working day.

The recommended accounting treatment for the monthly payroll incorporating the staff cost recovery concept is as follows:-

Debit	:	Salaries and Wages Account (by department other than production)
Debit	:	Production Labour Cost Control Account
Credit	:	Salaries and Wages Payable Account
Credit	:	Other Statutory Deductions Payable Accounts.
Credit	:	Other Statutory Deductions Payable Accounts.

This treatment has been fully discussed with the Chief Accountant and found to be practicable as a means of reducing cost.

21.3.8 *Method of Accounting for Production Overheads (O/H)*

Production expenses which arise neither from direct material or direct labour should be classified under production overheads.

For ease of accounting, further classification is required viz,

i. Variable Production O/H and
ii. Fixed Production O/H

21.3.9. *Variable Production Overheads*

Variable Production Overheads are normally incurred during the process of converting a raw material to a finished product. It may therefore refer to either indirect materials or indirect labour so expended in adding value to prime *(direct material and direct labour)* cost.

Thus, all expenses other than direct material and direct labour directly traceable to the cost centres established for the processes involved in the manufacture of Pepsi Cola, Mirinda and other brands, fall to be classified as variable production overhead.

The following represents the recommended basis for obtaining information regarding variable overheads for purposes of coding and accounting:

BOILER FUEL: Boiler fuel used for each batch shall be recorded using dip-stick measurements at the end of each batch. The return for the day's usage must be submitted at the end of each production day. Internal Audit should make a daily check to confirm accuracy of returns.

POWER : (i) ELECTRICITY

Meter reading should be taken at the beginning of the whole production process, then before the beginning of each batch. This will give the power usage during 'set-up time'. After this, readings should be taken at the end of each batch. The total power usage will then be spread over the number of batches produced.

(ii) DIESEL USED ON GENERATOR
Readings of fuel used shall be taken using a dipstick to give both 'set-up time' usage and the batch usage. Total diesel used can then be spread over the number of batches produced. The returns for power usage must be submitted on daily basis.

BOTTLE WASHING CHEMICALS : The amount of caustic soda and additives or brittax used should be recorded on a daily basis.

BOTTLE BREAKAGES : This should be recorded on a batch-by-batch basis to determine breakages incurred during production of a given batch. This will include breakages at

- Decrating
- Bottle Washing Machine
- Roller
- Filler/Conveyor
- Accumulation Table/Crating

Returns should be submitted daily.

FILTER AID CHEMICALS : Quantity of diatomite (kensil 90) used should be recorded for each batch.
Returns to be submitted daily.

WATER TREATMENT CHEMICALS SUPPLIES : Quantities of following items used in any given day to be submitted.

- Sodium Hypochlorite
- Activated Carbon
- Filter Cartridges.

ROLLER CHAIN LUBRICANTS : Quantities of lubricants used to be given i.e.

- Liquid Soap (Main Line, etc.)

SANITATION CHEMICALS : Quantities of materials used on a daily basis to be submitted, i.e.

- Trisodium Phosphate (TSP)
- Sodium Bicarbonate
- Scouring Power (VIM).

WATER (FOR SANITATION STEAMING; CHILLING; AND BOTTLE WASHING) : Quantity of water used per day can be determined by taking into account the meter reading and volume in the reserve tank. From this, the amount of water used for syrup making and bottling (determined by formula) should be deducted to give amount of water usage for sanitation, bottle wash, steaming, etc.

LABORATORY CHEMICALS/ MATERIALS : Determine and provide quantities of chemical used. Also include quantities of samples taken off the line for laboratory tests.

CROWN CORKS : Quantities of crowns used for every batch should be recorded and provided on a daily basis.

21.3.10. *Fixed Production Overheads*

Fixed production overhead on the other hand, as a period cost, cannot be traced to a process. Yet it is the kind of expenditure which will normally be incurred irrespective of the number of batches produced per a given period.

In the accounting system of **LVBC**, the fixed cost component of the batch cost should include:

- Other production staff salaries, wages and benefits
- Plant depreciation
- Plant hire
- Factory building depreciation (relevant portion)
- Nakawa workshop materials usage
- Staff uniforms and protectives

- Factory building maintenance (relevant portion)
- Motor vehicle maintenance (relevant portion)
- Printing and stationery (relevant portion)
- Hired guards
- Postage, telephones and courier services
- Office supplies, eg. toilet, rags, soap and detergents, etc.
- Medical benefits
- Hired transport
- Travels outside Uganda.

21.3.11. *Methods of Absorbing Production Fixed Overheads*

In practice, there could be several methods of ensuring that each unit produced within a batch during a period absorbs its fair portion of a period cost.

It is pertinent to note, however, that none of these methods can really provide exact results; they are best estimates.

In the **PIES** Financial and Cost Manual, three methods have been provided as follows:

- *Wages Percentage Rate*
- *Labour Hour Rate*
- *Machine Hour Rate*

However, considering the circumstances of the factory at the moment, bearing in mind the need for ease of capturing fixed production overhead cost in determining batch cost per unit, a fourth method - *Planned Capacity Absorption Rate* - has been recommended. This rate shall be pre-determined on the basis of annual planned capacity utilization and the annual budgeted fixed production overhead.

Illustration:

Treatment of Fixed Cost Component of Batch Costs

The various fixed costs can be accurately estimated *(item by item)* for the year under review for a given plant capacity utilization level.

From the above, the total fixed costs will be derived. This total fixed cost should be divided by the anticipated plant capacity to arrive at an absorption rate per crate produced. It should be noted that the higher the level of capacity utilization, the lower will be the absorption rate.

There will be variations between fixed overheads actually incurred and the estimated overhead due to:

(i) Higher or lower level of actual capacity utilization as compared to planned plant capacity.

(ii) Changes in actual costs in the course of the year.

(iii) Both (i) and (ii).

In administering this system, all components of the fixed cost will be aggregated under one fixed overhead account as a matter of control.

The actual expenditure, as and when incurred during the course of the year, will be debited to this control account.

ILLUSTRATION ON OPERATION OF FIXED OVERHEAD ACCOUNTS

FIXED OVERHEAD ITEM	DEBIT	CREDIT
Other production staff salaries, wages and benefits	Other production Salaries, Wages and benefits	
		- Prod. salaries & wages and wages payable A/c - Stationery Deductions Payable Account
On payment of the wages, salaries and benefits:	- Prod. staff salaries	
PLANT DEPRECIATION	- Plant depreciation Account	Plant and machinery Accumulated depreciation Account
PLANT HIRE	- Plant hire Account	
		- Supplier of plant
	(Charges on incurred plant hire cost on the basis of the hire agreement)	
FACTORY BUILDING DEPRECIATION Treatment of same as for plant hire		
NAKAWA WORKSHOP MATERIALS USAGE	- Nakawa W/S Material usage	
		- Various stores
	(On the basis of Stores Issue Vouchers duly authorised at current costs)	
STAFF UNIFORMS AND PROTECTIVES	- Staff uniforms and protectives Account	- Staff Uniforms Stock Account
	(On the basis of Stores Issue Vouchers)	
FACTORY BUILDING MAINTENANCE	- Factory building maintenance Account	
		- Supplier of service
	(On the basis of the bill for the certified work done)	

FIXED OVERHEAD ITEM	DEBIT	CREDIT
MOTOR VEHICLE MAINTENANCE	- Motor Vehicle Maintenance Account	- Supplies of service

NOTE: *It will be necessary to establish sub-cost centres for each vehicle so that the actual expenditure incurred will be assembled under each vehicle maintenance account and then transferred to this account.*

PRINTING AND STATIONERY	- Printing and stationery account	- Stationery stock account
HIRED GUARDS	- Hired guards	- Accumulated exp. account: Hired guards

(On incurring the cost: upon evidence that that the service has been rendered)

POSTAGE: TELEPHONES AND CARRIER SERVICES	- Post, Tel. & Carrier service Account	- Specific Accruals A/c
OFFICE SUPPLIERS	- Office supplies A/C	- Supplier's Account
MEDICAL BENEFITS	- Medical exp. Account	- Account Accrued

HIRED TRANSPORT

(Treatment will be like that of Plant Hire)

TRAVELS OUTSIDE UGANDA	- Travels outside Uganda Account	- Airline Account

The absorption rate should however be revised anytime there is a review in the planned capacity utilization and the budgeted fixed production overhead.

LVBC's Chief Accountant and the Cost Accountant have tested this method and have found it to be practicable.

21.3.12. *Product Costing*

Four identified defects of the present system of product costing are as follows:-

(i) The product cost information is prepared in arrears of production and sales. Consequently, no use is made of the host information for guiding pricing of the products.

(ii) The products are being produced in batches but there is no way the Cost Accountant can provide the unit cost of any batch under the present system. Consequently, inefficiencies in batch production are not revealed.

(iii) There is no linkage between the actual cost of units produced of various brands and the quarterly reported cost of production. The Manufacturing and Trading Account includes production materials usage and total production expenses as cost of finished products, and fails to distinguish between brand costs in terms of labour and overhead costs.

(iv) No clear distinction is made between variable product cost and fixed overhead cost. Thus, details about the performance of each product line in relation to its contribution towards the fixed overheads cost for a period are not easily available. Consequently, there is no facility for providing management information on the break-even point of sales in relation to actual levels of capacity utilization in the course of a year.

21.3.13. *Batch Costing*

In order to ensure early determination of product cost so as to be relevant for timely management decision-making purposes, a system of batch costing is recommended. Under this system, information on daily batch production will have to be furnished from the Production Department to the Costing Section. The required information will include the material usage - direct and indirect, labour hours worked and variable overheads.

To this end, the following report shall be prepared and submitted:-

Appendix 6: Weekly Production/Stock Report; Appendix 7: Syrup Room Report and Appendix 8: Daily Labour Usage Report.

The required detailed information on these reports are exhibited in their design.

On the basis of the above information, daily batch costs of products can be determined. The obvious advantage of such a system will be to inform Management about the unit cost of batches of various brands produced by the factory.

Besides providing avenues for instant spot cost audit, the system enables batch costs to be compared with a view to revealing possible causes of production inefficiencies. As this will be done on a regular and consistent basis, the incidence of passing on cost of inefficiencies to the ultimate consumers will be significantly mitigated, if not completely eliminated.

For ease of comparison and as an aid for timely management reaction to potential inconsistencies in batch production costs, preparation and submission of a weekly summary of the batch cost is recommended. Appendix 9: *Weekly Summary of Batch Cost* shows the design of the required form.

Towards realizing the goals of the weekly summary, the Weekly Production Report *(Appendix 10)* will be relevant.

21.3.13. *The Case for Separate Bottles and Shells Accounting*

In view of the huge investment involved in the above containers, it is no longer operationally economical for the Company to maintain present levels of deposits. Accordingly, it is recommended that:-

(i) hiring fees be instituted in place of deposits.

(ii) the present amount being collected as deposits be increased by at least 40% with immediate effect and should be levied annually.

(iii) once a customer pays the hiring fee for a year, he should be entitled to recycle the containers for the year.

(iv) the issue of bottles of customers with full goods be accounted for separately.

(v) LVBC customers be informed in no uncertain terms that the bottles and shells in their custody still remain the property of the Company.

By maintaining separate control accounts on bottles issues to customers, adequate track will be kept of movement of bottles stock and therefore potential losses through customer retention will be mitigated.

The Consultant is aware of the significant amount of bottles being retained by the Company's customers, illegally.

In order to realise fully the benefits of the proposed approach, the following accounting policy on bottles and shells is recommended.

Accounting Policy and Procedure

1. Supply of full goods must only be made to customers who are ready with empty bottles and shells.

2. The value of unreturned bottles by deadline date must be taken as retained and must be apportioned between cost and mark-up.

3. The value of stock returnable by the end of the accounting date must be added to closing stock of bottles *(stock held with outsiders at cost)*.

Illustration:

The following is the summary of transactions during September 1991:-

Opening Stock	:	2000 bottles each costing 500/=
Issues to Customers	:	500 bottles at 500/= + 331/3%
Returns From Customers	:	200 bottles
Retained by Customers	:	200 bottles
Returnable by Customers	:	100 bottles.

The following accounts are relevant:

1. Bottles Stock Account
2. Returnable Bottles Account
3. Bottles Debtors Account
4. Bottles Depositors Account.

Accounting Treatment

Refer to Appendix 10.

Open the above accounts and enter as follows:-

i) On sale (issue) to customers

1. DR - Bottles debtors A/C with cost of bottles + 331/3% mark up.
   CR - Returnable bottles A/C with same value as above.
2. DR - Cash Account and
   CR - Bottles Hiring Fees Account with cash deposited.

ii) On return of bottles

3. DR - Returnable bottles A/C and
   CR - Bottle debtors A/C with quantity valued at issue price less discount of 25%.
4. DR - Bottles deposits A/C and
   CR - Cash Account with cash refunded calculated as above.
5. DR - Bottle deposits A/C and
   CR - Bottle debtors A/C with the amount by which the returned bottles were discounted.

iii) For retained bottles:

6. DR - Bottle deposits A/C with the value and
   CR - Bottle debtors A/C with the value of bottles at issue price retained by the customers after one month.
7. DR - Returnable Bottles A/C and
   CR - Bottle losses Recovery Account with the gain resulting on the return of bottles at a discount.

iv) For the bottles not returned within the month but are still returnable at future due dates.

8. DR - Bottles A/C and
   CR - Bottles Stock A/C with the quantity still returnable valued at cost.
9. DR - Returnable Bottles A/C and
   CR - Bottles Losses Recovery Account with the mark-up on the bottles which are expected to be returned.
10. Balance off the Accounts.

21.4. Budgeting System

21.4.1. *Description of Existing System*

The existing budgeting system was not based on a practice which involved all Departmental Heads in the initial planning stage. Responsibility accounting therefore was lacking, as the budgeting activity, not to mention budgetary control, virtually tended to be a one department affair.

Consequently, the budget documents produced failed to motivate Functional Heads to maximise corporate profit through conscious efforts at departmental cost control.

21.4.2. *Introduction of a Formalised Approach*

In order to correct the defects in the existing system of budgeting, it is hereby proposed as follows:-

(i) *There should be a Budget Committee set up.*

(ii) *Membership of the Committee should be all Heads of Department.*

(iii) *The chairperson of the Committee should be the General Manager.*

(iv) *The Secretary-Co-ordinator of the Committee should be the Chief Accountant*

(v) *It shall be the responsibility of the Committee to formulate broad guidelines for the preparation of each annual budget and also to meet and discuss all departmental plans with a view to integration.*

(vi) *Deadline dates shall be set for the completion and submission of departmental plans for purposes of annual budgeting.*

(vii) *Deadline dates should be set for the Committee to discuss the budget.*

21.4.3. *Budget Formats and Forms*

As a guide to the budgeting development process, budget development questionnaire forms have been designed by the Chief Accountant of **LVBC** at the instance of the Consultants. These have been provided in Appendices 11 to 16. These questionnaire forms, which are by no means exhaustive, should be reviewed and updated periodically by the Chief Accountant.

Additional roles expected of the Chief Accountant under this system would include the following:-

- To distribute the above budget proposal forms to all Heads of Department.
- To ensure that the budget proposal forms are completed and returned by all Heads of department including the Accounts Department on schedule.
- Consolidate Departmental Budget Proposals and arrange budget hearing meetings.
- To submit draft budget to the General Manager and all Heads of Department.
- To ensure that the budget hearing meeting takes place on schedule.
- To prepare final draft of budget document.
- To submit final draft budget to the General Manager, all Heads of Department and Executive Director of **LVBC** on schedule.
- Make necessary adjustments to budget.
- Submit final budget to General Manager, Heads of Department and Directors.

Appendix 17: *Budgeted Profit and Loss Account* is a recommended format for use. This format is so designed to highlight the responsibility accounting concept. For the rest of projected statements, **PIES** Financial Manual should be referred to for useful guidance.

21.5. Reporting System

21.5.1. *Existing System*

Limited management information is produced. These are the year-end final accounts *(Balance Sheet, Trading, Profit and Loss Account and Statement of Source and Application of funds)*, Quarterly Accounts and Monthly, Production/Stock reports.

21.5.2. *Financial Reporting*

It is considered pertinent to make the following observations and recommendations.

(1) **Report to the Directors** to be included in final presentation of the accounts should be expanded to include:

i. any significant change in the operation of the company.
ii. any rehabilitation.
iii. any significant curtailment of the operation of the business.
iv. comment on any changes on the financial or capital structure during the year under review.

(2) **Presentation of the Balance Sheet**

The Balance Sheet should show assets first, followed by how they have been financed as at the end of the year.

(3) **Ordering of Financial Statement**

The financial statement to be presented to the shareholders by the Directors should be presented in the following order:-

i. Balance Sheet
ii. Profit and Loss Accounts

iii. Notes to the Accounts should inter-alia, include
- *accounting policies*
- *manufacturing account*

(4) **Statement of Sources and Application of Funds**

The *(Uganda)* Companies Act does not require the statement of Sources and Application of Funds to be shown, neither does it require the preparation and submission of any Appropriation Account. However, in view of the importance of showing how the Company's finances have been received and/or generated during the course of the year, while at the same time revealing how this has been utilized, the problems associated with these issues would be forestalled.

Accordingly, addition of this statement is highly recommended, the provision of the law notwithstanding.

(5) **Profit and Loss Account**

(i) The Trading Account should be detached from the Manufacturing account. *(Refer to Appendix 24 for present format)*.

(ii) In compliance with the Companies Act 1962 *(Caption 85)*, the Profit and Loss Account should disclose:

(a) Revenue : In the case of LVBC, the net sales, i.e. after sales tax and excise duty deduction. There should be annexed to the Profit and Loss Account a note showing how the net sales is derived.

(b) Cost of Sales: Must be distinctly stated also.

(c) Gross Profit : Must also be stated separately from other incomes.

(d) <u>Selling, Gen. & Admin. Expenses</u>: Should indicate all the specific disclosure items in compliance with the Companies Act 1962 in addition to all other significant operating expenses.

(e) The Profit and Loss Account should also disclose:
- The profit before taxation
- Taxation on profits
- Provision on dividends, and
- Transfers to reserves

6. **Manufacturing Account**

This should be prepared to indicate the cost of producing the units made available for sale in a given year.

The total cost of producing the goods must be transferred to the finished goods stock account from which transfers will be made to cost of sales account when sales are made.

In support of the strategy to improve the reporting system of LVBC, two specific report formats have been recommended for use in addition to those being designed by the Chief Accountant. These are:

(i) *Monthly Production Cost Account: Appendix 18*
(ii) *Monthly Profit and Loss Account: Appendix 19*

21.5.3 *Development of New Formats for Reporting*

In the light of the foregoing, the Chief Accountant of **LVBC** has been charged with the responsibility to take the following necessary action by the end of September 1991.

(i) *Design format of Production Forms, Sales Forms, Personnel Forms and Accounts Forms.*
(ii) *Arrange printing/cyclostyling of forms.*
(iii) *Submit various forms to Heads of user departments for their study and consent on the suitability of forms.*

This exercise had been commenced by the end of the Consultant's programme on September 13th, 1991.

21.6. Controlling Systems

21.6.1. *Existing System Review*

The Accounts Department of **LVBC** had not commenced the use of a Personal Computers *(PC)* for processing data by the time the Consultant began the Accounting and Finance Programme. Even though budgets were annually prepared, the type of manual reports produced by the accounting system did not feature budgetary control. Consequently, effective variance analysis was lacking.

21.6.2. *Variance Analysis and Other Control Systems*

If **LVBC's** Management should be aided in making informed decisions, it is imperative that information on actual results based on previous decisions and follow-up actions should be presented in a form suitable for Management's own analysis and use.

During the medium term 1992/93 to 1996/97, **LVBC** plans to operate as a market leader in the soft drinks industry. To this end, Management needs to be conscious of the factors that operate in a highly competitive domestic environment that is impacted by local economic factors including exchange rate fluctuations and inflation.

The success of its objectives therefore demands that management adopts strategies that will mitigate the influences of these economic factors by improved quality of its products and prudent pricing actions and also by containing costs through increased manufacturing and distribution efficiency.

The extent to which these and other strategies will continue to be successful will largely depend upon the effectiveness of management analysis of the results of operations in respect of profitability, financial position and the cash flow.

In order to realise the above objectives, management analysis should be extended to include the following:-

a) Variance Analysis according to brand, and informed interpretation.
b) Analysis of the cost of Sales and the Gross Profit according to brand.
c) Break-Even Analysis.
d) Provision of performance indicators such as:-
    - *Cost of Sales as a percentage of net sales.*
    - *Marketing and Sales as a percentage of net sales.*
    - *Administration expenses as a percentage of net sales.*
    - *Accounting Departments expenses as a percentage of net sales.*
    - *Financial expenses as a percentage of net sales, and*
    - *Audit Department's expenses as a percentage of net sales.*

21.6.3. *LVBC's Management Responsibility and Variance Analysis*

Variance analysis is an essential tool to management because it focuses attention on the existence of a deviation from plan; on the direction of this deviation *(favourable or adverse)*; and on its extent.

Variance analysis throws valuable light on the cause of a problem, and can help to isolate those factors which are controllable by particular individuals. It can focus attention on selected areas of the business and on a limited range of pertinent information, so enabling managers to manage by exception.

It is convenient to divide variance analysis into two main headings: *Cost Variance and Sales Variance.*

Cost Variance, in turn, may be considered under three (3) headings: *Labour Variance, Material Variance and Overhead Variance.*

21.6.4. ***Recommended Approach to Interpretation of Variances***

Interpretation of variances should only be carried out by those who are in touch with the particular circumstances of the case. Whenever the need arises, further investigations should be conducted beyond figure analysis, in order to find out about underlying causes.

21.6.5. ***Illustration on Interpretation of Labour Variances***

Suppose the analysis has revealed the important fact that labour cost has exceeded standard not because of a falling-off of efficiency *(there may be in fact an efficiency gain)*, but because the standard rate of pay per hour has been exceeded.

The action which should follow this analysis depends upon the particular circumstances of the case. For example, the labour efficiency variance might form the subject of praise from, say, the Production Manager *(Bottling)* to his subordinate for producing a certain amount of work in less tnan standard time *(a case where accounting aids the motivational aspect of management)*.

The favourable efficiency variance might also suggest to the Management that success could be repeated in other similar spheres of operation by focusing attention on the performance of similar departments. Or the variances might be one of a number of favourable variances which have been consistently achieved in the past, and this may indicate that the standard itself is in need of revision, i.e. variance analysis may indicate the need for replanning.

The adverse rate variance might be a non-controllable factor, representing simply a wage award which has occurred during the period and was not allowed for in drawing up the standard. The variance might, however, be controllable at least in part, in the sense that local management might be empowered to offer local allowances above standard in order to attract particular grades of labour, eg. at the depots.

So far, it has been assumed that the labour efficiency and the wages rate variances are independent. They might however, be interdependent, in the sense that the favourable efficiency variance could be the consequence of the adverse rate variance. Such a situation could arise where a Manager or his subordinate has power to alter the composition of the labour force which is employed to achieve a given task.

By employing a worker of a higher skill *(and at a higher rate of pay)* than that allowed for in the standard, the manager hopes to achieve an overall saving in labour cost. In this particular example, if this were the case, the action taken would not have been justified since the higher rate of pay has not been offset by a greater gain in efficiency.

21.6.6. *Further Analysis of Efficiency Variance*

It is often the case that the labour efficiency variance is more controllable than the wages rate variance, particularly, by lower levels of management, who are usually more able to influence the time taken to do a job than the rate of pay.

It may therefore be considered worthwhile keeping time records which can reveal, in further detail, likely causes of the efficiency variance. For example, had there been an adverse efficiency variance, this could have been caused by idle time due to waiting for work, re-bottling due to faulty syruping, or re-bottling due to power-cut.

Time records which permit further analysis under such headings can aid the Manager in identifying the underlying causes of a variance; but even so, there may still be the need for further investigation; eg. idle time due to waiting for work could be due to an understaffed production planning section or simply due to inefficiency in the preceding section from which work is obtained.

21.6.7 *Illustration on Interpretation of Materials Variances*

Tne usage variance will generally be the responsibility of production management, whereas the price variance is more likely to be the responsibility of the buyers, so that one interpretation of the variances could be that production management should investigate the reasons for excess usage while the Company buyer is to be congratulated on obtaining materials at a cheaper price than standard.

On the other hand, adverse usage might be related to adverse price, ie. more units of a cheaper material might have been used in production. The materials usage variance may be related to the labour efficiency variance: for example, inexperience or inefficient labour may cause both labour efficiency and materials usage variances to be adverse. Further investigations will usually be necessary in order to determine basic causes and an appropriate cause of action.

Accounting systems may be designed to highlight the materials price variance either when the material is bought or when it is used. As the materials price variance is more likely to be the responsibility of the Company buyer, highlighting the variance at the point of purchase usually has the advantage.

21.6.8 *Illustration on Interpretation of Overhead Variances*

A knowledge of the behaviour of costs in relation to changes in the level of activity is also useful in comparing performance with plan, because it enables actual costs to be compared with budgeted costs, at the level of activity actually achieved. Without first adjusting budgeted figures, in order to bring them in line with actual levels of activity, a comparison between performance and plan might be misleading to management.

21.6.9 *Interpretation of Overhead Expenditure Variance*

When interpreting overhead expenditure variances, it is important to bear in mind the distinction between costs which can be pre-determined with a reasonable degree of certainty, given a level of activity and items which are budgeted more by the exercise of managerial judgement.

A number of overheads fall into the latter category including, for example, many of the costs incurred in running the Administration and Personnel, Internal Audit, Accounting and Marketing Departments.

In such cases, it is very difficult to say with any degree of certainty how much expenditure should be incurred at a particular level of activity, so that judgement has to be applied in deciding what work is to be done in the department in question, and what constitutes an efficient level of operations.

Where the level of cost in the budget, although carefully arrived at, is nevertheless at the discretion of management, a comparison between performance and plan becomes less a question of assessing efficiency against an independent yardstick and more a question of ensuring that budgets are not exceeded without good reason.

Furthermore, a saving on budget may well prove to be a false economy with many of these discretionary costs. For example, a saving on inspection or on production planning in the Nakawa factory may produce a favourable overhead expenditure variance, at the expense of adverse labour efficiency and materials usage variances in the future.

In similar fashion, a saving on training, on research and development, or on the advertising budget, may prove to be detrimental to the Company's efficiency and growth prospect in the long run. This is not to say that once budgets for discretionary costs have been set, managers should not look for economies in operation; but it does mean that with discretionary costs, a favourable expenditure variance is not necessarily a good thing; whereas with those overhead costs which can be predetermined with a reasonable degree of certainty, given a level of activity saving usually represents a useful economy in operation and an advantage to the Company.

21.6.10 *Interpretation and Further Analysis of Overhead Volume Variances*

Differences between budgeted and actual volumes of production may arise for a number of reasons, some controllable, others not, including such reasons as machine breakdown, bottlenecks in the works, or lack of orders. Even lack of orders may be controllable in the sense that the Marketing Department could perhaps have been more vigorous in obtaining the required share of the market.

Problems will therefore arise in the interpretation of the volume variance because of the wide variety of causes which may be operative, and the possibility that several Managers may be involved, each taking part responsibility for the necessary corrective action.

Further analysis may be carried out by the Chief Accountant in order to present Managers with more detailed variances, analyzed by cause, which may help to narrow the field of enquiry.

One such analysis is to separate the influences of efficiency of working from capacity utilization: a distinction may be made between volume variances which arise because people produce more or less than is expected of them during a given period of time, and those which arise because people work longer or shorter hours than planned. The former variance, the productivity variance, measures the extent to which overhead is either over- or under-recovered because the labour force has either bettered or failed to achieve the standard times set.

The point of making this separation is that lower levels of management may be able to control the speed of working and hence the productivity variance; whereas they may be less able to influence the capacity variance which arises when the labour force is at work longer or shorter periods of time than planned.

One other obvious reasons why a volume variance can arise is that the number of working hours available in a particular period has differed from the budgeted figure, eg. due to a holiday which was not allowed for in drawing up the budget so that it might also be helpful to isolate this influence on overhead recovery by means of a calendar variance.

21.6.11. *Finished Goods Stock and Depot Controls*

Stocks of finished goods must be actively recorded to show the movements of the stocks on a monthly basis.

Movements must include supplies of finished goods to all depots; supplies of finished goods in-transit, and supplies of finished goods to distributors or agents.

In this connection, specific accounts must be opened for all depot stocks, all goods-in-transit *(classified on depot to depot basis)* and reconciliations for these must be run concurrently with the daily stock reconciliation system.

21.7. Financial Planning System

12.7.1. *Review of Existing System*

There is no formalised financial planning system. Consequently, the Company's management is not informed in advance about the near or distant future cash needs of the Company so that prior arrangements may be made.

21.7.2 *Development of a New Financial Planning System*

In order to improve upon the financial planning and working capital management, the Chief Accountant's preparation and submission of the following financial reports on schedule datelines, is recommended for immediate implementation.

	Report	Deadline Dates	Distribution
(i)	Weekly Cash Budget Cash Performance Report	10.00 a.m on Mondays	General Manager and Heads of Departments
(ii)	Weekly Bank Reconciliation Statements	4.00 p.m on Mondays	General Manager
(iii)	Weekly Vote Control Expenditure Reports	10.00 a.m on Mondays Fortnightly	All Heads of Departments
(iv)	Monthly Cash Budget showing Previous Month's Cash Performance	4.00 p.m on First Working Day of Cash Budget Month	General Manager and Heads of Departments
(v)	Monthly Bank Reconciliation Statement	- do -	General Manager
(vi)	Quarterly Cash Budget and Cash Performance Report	4.00 p.m on First Working Day of Cash Budget Quarter	General Manager and Heads of Departments
(vii)	Annual Cash Budget and Cash Performance of Previous Year	4.00 p.m. Monday of Last Week of the Month Prior to First Month of Budget Year	General Manager Heads of Departments

Appendices 20 to 23 exhibit the recommended formats of the weekly, monthly, quarterly and annual cash budgets.

21.8. Liquidity Control System

21.8.1. *Existing System*

Between 1988 and 1990, **LVBC's** operations were largely financed by short-term borrowings. Evidently, lack of an effective liquidity control system was the main cause of the apparent over-reliance on Commercial Banks for short-term facilities.

21.8.2. *Excise Duty and Sales Taxes Payments*

LVBC is on record as having significant arrears in sales taxes and excise duty for which due arrangements have been agreed upon with the Tax Authorities towards settlement on instalment basis. The payment of the above liability had almost always been ill-timed in the past, and has therefore tended to cost the Company a lot of money through raising bank overdraft to settle outstanding excise duty and sales tax.

21.8.3. *Prepayment on L/Cs*

In the past, **LVBC** locked up a significant chunk of its working capital through making cash prepayments to Commercial Banks to cover deposits required for opening Letters of Credit. The time between the date of payment of the local shillings to the Bank and the date of the Bank's purchase of the foreign cover has always been long and has thus tended to make the Company financially distressed.

All overdraft facilities extended to **LVBC** by its Bankers in the past few years have been at a very high cost.

21.8.4. *Development of New System*

The Consultants believe that the incurrence of potential interest charges and penalties can both be avoided by reaching a mutually satisfactory payment arrangement with the Tax Authorities whereby payment of sales taxes and excise duties are made daily on the basis of proceeds collected.

This system, while leaving the Company room to lobby for an extended facility with the Tax Authorities, can tremendously assist financial planning.

In the light of the foregoing, the Consultants wish to recommend as follows:-

a) that LVBC Management formulate a tax plan which will use a piecemeal payment scheme for sales tax and excise duties.

b) that a Deposit at Notice Account be opened at the Uganda Commercial Bank. The same board resolution which will authorise the opening of the above account should authorise the Bank to automatically transfer balances to the current Account to forestall avoidable overdraft balances.

c) that arrangement be made with the Bank to keep all amounts earmarked for L/Cs cover in the Deposit Account pending the eventual transfer at or about the time the foreign cover is available. This arrangement seeks to shorten the lead time for L/C payments and eventual receipts of imported goods.

d) that active use of the two liquidity ratios highlighted in Section 21.9. of this report should be commenced for weekly, monthly, quarterly, and annual reporting.

21.9. Ratios Related to Liquidity

Current assets are in a continuous state of conversion to cash. Various Managers have their part to play in the process. For example, in the case of **LVBC**, the Company buyer by placing an order, eventually causes cash to be converted into a stock of raw materials.

The Production Manager takes the stock of raw materials and converts it into a stock of finished goods carrying at any point in time, a stock of work-in-progress *(W.I.P)* representing semi-finished goods in the factory.

The Marketing Manager seeks and distributes the finished goods to customers who become the Company's debtors. The Chief Accountant ensures that the customers accounts are recorded and eventually settled in cash. Part of the cash is used to buy more raw materials and the cycle of conversion is repeated.

At the same time, current liabilities are created and later settled in cash, not the least of which will be accounts of suppliers who have provided the business with goods and services on credit.

The Balance Sheet would of course, freeze this activity to present a picture of the state of the current assets and current liabilities at any moment of time. For example, **LVBC** Balance Sheet would include the following headings:-

Current Liabilities	U.Sh	Current Assets	U.Sh
Trade Creditors and	-	Stock of Raw Materials	xxx
Accrued Charges	xxx	Bottles and Shells	xxx
		Stock of Finished Goods W.I.P	xxx
Taxation	xxx	Cash on Hand and At Bank	xx
	---		---
	xxx		xxx
	---		---

From the Balance Sheet, two ratios may be prepared which particularly relate the liquidity of the business to its ability to meet its short-term debts. These ratios are as follows:-

(i) Current Ratio = $\dfrac{\text{Current Assets}}{\text{Current Liabilities}}$

A comparison between the Current Assets and Current Liabilities will give an indication of the degree to which the Company is able to pay its short-term debts.

It is often considered prudent to allow a margin of Current Assets over Current Liabilities and a frequent quoted ratio for a healthy financial state is that Current Assets should be approximately twice Current Liabilities, ie. that the ratio should be about 2:1. The 2:1 yardstick should however, be looked upon only as an average which will inevitably vary from one business to another and in seasonal business from one season to another.

A useful practice is to watch movements in the ratio over a period of time, with the object of seeing whether the ability of the Company to meet its short-term debts appears to be improving or worsening.

It should be noted, however, that a very high ratio, although strong from a liquidity point of view, may not be so desirable from a profitability point of view, since there may be surplus Current Assets, eg. surplus cash on hand, earning a nil or an inadequate rate of return.

(ii) Acid Test Ratio = $\dfrac{\text{Cash + Near Cash Assets - Stocks}}{\text{Current Liabilities}}$

(Near cash assets for this purpose also includes short-term investments which can be turned into cash at relatively short notice).

This is a more stringent test of a Company's ability to pay its short-term debts. Stocks are left out of the comparison as being the farthest away from cash and so the comparison is between the total of ready money and near-ready money and Current Liabilities.

An often quoted standard is that a healthy financial state exists when cash and debtors are approximately equal to Current Liabilities, i.e. a one-to-one ratio.

CHAPTER 22.0. SYSTEM IMPLEMENTATION

22.0. SYSTEM IMPLEMENTATION

22.1. Extension of Computerization to Cover Systems

22.1.1. **LVBC** had not acquired any computer yet as at the close of the Technical Assistance Programme on September 13, 1991. The Consultant was however briefed of serious efforts being made by the Management of the Company towards procuring two pieces of Personal Computers.

22.1.2. Since the systems recommended in this report are adaptable to computerization, what really remains to be done include the following:-

i) *The development of appropriate application programmes to cover the recommended systems and,*

ii) *The training of the LVBC Accounting Personnel to operate the Personal Computers.*

22.1.3. In this regard, intensive computer training in Lotus 1-2-3 and Database Management is highly recommended.

22.1.4. In anticipation of **LVBC** Management's plans for eventual computerization, both the Chief Accountant and the Cost Accountant were in March 1991, given some Computer Appreciation course at **PIES**. The course which had a follow-up in June 1991, dealt with Lotus and a bit of Database. But for the purposes of a perfect appreciation, a further revision course is imperative, including preferably, a revision of Disk Operating Systems *(D.O.S)*.

22.1.5. **PIES** must also begin computer training programmes for selected **LVBC** Secretarial staff in Word Processing.

22.2. Trial Runs of Developed Systems

22.2.1. The practicability of each system developed was discussed and tested by the Chief Accountant, the Cost Accountant and the Financial Accountant. They found them to be satisfactory.

22.2.2. The unique feature of the developed systems is that the Accounting Department can manually operate them while awaiting the purchase of the computer hardware and software.

APPENDIX 1

LAKE VICTORIA BOTTLING COMPANY LIMITED

MINUTES OF THE MEETING HELD BETWEEN 22/08/91 AND 26/08/91 BETWEEN THE UNIDO EXPERT: AYUB SOMUAH AND THE CHIEF ACCOUNTANT OF LVBC (SECRETARY J. BYEKWASO)

The following points were agreed on during the meeting:-

1. **COSTING OF SUGAR**
   The LIFO method was recommended for costing of sugar and other raw material inputs.

2. **LABOUR COSTING**
   It was agreed that there was an urgent need for the computation of labour costs. The clocking system should be applied during labour apportionment in areas other than production.

3. **BATCH COSTING**
   Batch costing was found suitable in the Bottling Industry. Management was advised to distinguish between idle and productive time (hrs). Idle time is also a cost to the Company and should hence be reduced. Production labour to be subdivided into direct and indirect labour. This method of costing (batch costing) is a shift from the aggregate costing method.

4. **STORES LEDGER AND STORES ITEMS**
   It was agreed that a stores ledger be reintroduced. Other indirect items and boiler fuel will in future have to be expensed every month for effective control as opposed to the present system of directly expensing on receipt in stores.

   - PRODUCTION/STOCK REPORT
     The monthly production/stock report should be redesigned to describe the usage of materials (direct or indirect). It should also indicate the quantities of both used in production in order to serve as a basis for determining work in progress. The production report must also reflect the usage of labour idle time (batch per batch report) on a monthly basis.

APPENDIX 1 CONTD.

- QUANTIFYING HOURS LOST
  This should include the grade of labour and the hourly rates for each grade.

- FULLGOODS
  A separate outlet for fullgoods be created in the warehouse.

5. **LABOUR**
   There is a need for daily batch reports in which the supevisors are to declare the labour usage in terms of hours worked/batch/week, etc.

6. **EMPLOYEE'S LUNCH**
   In order to avoid over-invoicing by the goods supplier, coupons should be introduced. The coupons should be made different from Department to Department in colour.

   - All benefits (e.g. basic wages, housing allowance, leave pay, food, welfare, weekly free issue should be included in determining the labour cost per hour. All free issues should be converted into cash for ease of administration. And the company should guarantee the tax there on.

7. **RATES OF LABOUR**
   The total number of hours expected to be utilised by an employee of a company in any one year is 2080 hours. In Uganda, there are 10 public holidays which reduce the total hours to 2070 hours a year.

   - WAGES AND BENEFITS
     . Basic wages
     . Housing allowance 90%
     . SSF 10%
     . Leave pay Shs. 80,000 p.a.
     . Free lunch
     . Welfare subsidy
     . Free issue/case

   Questionnaires should be sent to Production Manager to obtain information about the following:-
   - No. of workers in each section of the production line for each batch.
   - No. of batches per day.

8. **OTHER OVERHEADS**

This is made up of variable overheads and fixed overheads.

- VARIABLE PRODUCTION OVERHEADS
  - Boiler fuel
  - Power, bottle washing chemicals
  - Water bottle breakages
  - Boiler wages, COMPRESSOR wages

- FIXED OVERHEADS

  This includes:
  - Other production staff salaries, wages and benefits.
  - Supervisors and managers salaries and benefits.
  - Plant depreciation and maintenance.
  - The depreciation for plant and machinery should depend on capacity utilization of output.
  - Other benefits payable to other staff on duty.
  - Workshop (Production) labour and materials.
  - Plant hire

9. **APPORTIONMENT OF COSTS**

This can easily be done by using floor space as a guide. The number of employees per department can also be considered say:

. Administration	155
. Production	137
. Marketing	129

	421
	---

10. **MEDICAL BENEFITS**

As a cost control measure, the Company should hire a Company Doctor. Workers should get their treatment from the Company Clinic.

APPENDIX 2

LAKE VICTORIA BOTTLING COMPANY LIMITED
CHART OF ACCOUNTS

MAIN	(MAJOR HEADS)		10-29
I.	ASSETS		
	(a) Fixed Assets	10-19	
	(b) Current Assets	20-29	
II.	LIABILITIES		30-44
	(a) Current Liabilities	30-37	
	(b) Long-Term Liabilities	38-44	
III.	CAPITAL AND RESERVES		45-49
IV.	INCOME AND GAINS		50-59
V.	EXPENSES AND LOSSES		60-99
	Variable Cost of Production	60-64	
	Operating Expenses	65-94	
	- Factory	65-74	
	- Administration	75-84	
	- Marketing and Distribution	85-94	
	Financial Expenses	95-98	
	Provisions and Write-offs	99	
MINOR HEADS	Each major head can be sub-divided into 10 minor heads adding from 1 to 9 on major head digits. Each Account can be sub-divided in . Sub-Ledger Assets Register . S. Debtors Ledger . Stock Ledger . S. Creditors Ledger		100-999

APPENDIX 2 CONTD..

A. BALANCE SHEET ACCOUNTS 100-490

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
10-19			FIXED ASSETS
10			LAND
	100		Freehold Land
	101		Leasehold Land
	102		Improvements to Freehold Land
	103		Improvemts. to Leasehold Land
11			BUILDINGS AND CIVIL WORKS
	110		Factory & W/shops Buildings
	111		Offices
	112		Branches
	113		Godown and Storage
	114		Quarters
	115		Other Civil Works
		0001	Roads
		0002	Railway Sidings
		0003	Perimeter Walls and Fencing
		0004	Weigh Bridges
		0005 (Asset-Register-Sub-Ledger)	Silos
12			Plant and Machinery
	120	0001-0999	Factory P & M
	121	0001-0999	Workshops & Mtce. Machinery
	122	0001-0999 (For each identifiable machine)	Auxillary Services Machinery
13			TOOLS
	130		Loose Tools
	131		Other Tools
14			TRANSPORT VEHICLES
	140		Inter-Factory Transport
	141		Cars
	142		Vans and Pick-ups
	143		Buses
	144		Lorries
	145		Other Vehicles

APPENDIX 2 CONTD..

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
15			FURNITURE AND FIXTURES
	150		Factory & Workshop Furniture
	151		Office Furniture
	152		Staff Quarters Furniture
	153		Other Furniture
	154		Fixtures - Factory & Workshop
	155		Other Fixtures
16			OFFICE EQUIPMENT
	160		Typewriters
	161		Cyclostyling Machine
	162		Photocopiers
	163		Telephones, Telex and Fax
	164		Computers and Peripherals
	165		Others
17			LONG-TERM INVESTMENTS
	170		Government Securities
	171		Shares and Debentures in PIES
	172		Other Investments
18			
19			INTANGIBLE ASSETS
	190		Goodwill
	191		Patents and Copyrights
	192		Others
20-29			CURRENT ASSETS
20			CASH AND BANK
	200		Cash in Hand
	201		Petty Cash
	202		Bank - Current Account
	203		Bank - Savings Account
21			SHORT-TERM INVESTMENTS
	210		S.T. Deposits with Banks
	211		S.T. Deposits with Others
	212		S.T. Government Securities
	213		Other S.T. Investments

APPENDIX 2 CONTD..

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
22			BILLS RECEIVABLE
	220		B/R (S.Drs/Sales)
	221		Other Bills Receivable
23			PRE-PAYMENTS/ADVANCES
	230		Pre-payments Salaries
	231		Pre-payments Wages
	232		Pre-payments to Government
	233		Pre-payments Purchases
	234		Other Pre-payments/Advances
24			SUNDRY DEBTORS
	240	0001 to 0999 (Indivi-	S. Drs less than 3 months
	241	dual Accounts)	S. Drs 3 - 6 months
	242		S. Drs 6 - 12 months
	243		S. Drs over 12 months
	244		S. Drs Other Drs.
25			STOCKS
	250	0001 to 0999 (Stores-	Stocks of Finished Goods
	251	Ledger-Sub-Ledger)	Win P
	252		Raw Materials - Imported
	253		Raw Materials - Local
	254		Other D. Mat. - Imported
	255		Other Materials - Local
	256		Consumables and Ind. Materials - Imported
	257		Consumables and Ind. Materials - Local
	258		Spare Parts/bought comp - Imported
	259		Spare Parts/bought comp - Local

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
29			**SUSPENSE ACCOUNT**
30-39			**CURRENT LIABILITIES**
30			OVERDRAFT AND S.T. LOANS
	300		Bank Overdraft - Secured
	301		Bank Overdraft - Unsecured
	302		S.T. Loans from Govt-Secured
	303		S.T. Loans from Govt-Unsecured
	304		S.T. Loans from Banks -Secured
	305		S.T Loans from Banks-Unsecured
	306		S.T. Loans from PIES-Secured
	307		S.T. Loans from PIES-Unsecured
	308		S.T. Loans from Others-Secured
	309		ST Loans from Others-Unsecured
31			BILLS PAYABLE
	310		B/P (S. Crs/Purchases)
	311		B/P Others
32			SUNDRY CREDITORS
	320	0001 to 0999 (Ind.	S. Crs Less than 3 months
	321	A/Cs Crs Ledger-Sub)	S. Crs 3 - 6 months
	322		S. Crs 6 - 12 months
	323		S. Crs over 12 months
	324		Other Creditors
33			ACCRUALS/OUTSTANDING LIABILITIES
	330		Outstanding/Accrued Salary
	331		Outstanding/Accrued Wages
	332		Outstanding/Liabilities-Govt.
	333		Outstanding/Liabilities - PIES
	334		O/Standing/Liabilities-Others

APPENDIX 2 CONTD..

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
37			SUSPENSE ACCOUNT
38-44			LONG-TERM LIABILITIES
38			LOANS
	380		L.T. Loans from Banks -Secured
	381		L.T. Loans from Banks -Unsecured
	382		L.T. Loans from Govt. -Secured
	383		L.T. Loans from Govt. -Unsecured
	384		L.T. Loans from PIES -Secured
	385		L.T. Loans from PIES -Unsecured
	386		L.T. Loans from Others-Secured
	387		L.T. Loans from Others-Unsecured
39			REDEEMABLE DEBENTURES
	390		Red. Debentures - Secured
	391		Red. Debentures - Unsecured
44			CONTINGENT LIABILITIES PROVIDED
45-49			CAPITAL AND RESERVES
45			SHARES
	450		Ordinary Shares Paid-up
	451		Pref. Shares Paid-up
46			DEBENTURES (Irredeemable)
	460		Debentures - Secured
	461		Debentures - Unsecured
47			GENERAL RESERVES
48			CURRENT PROFIT/(LOSS)
49			CAPITAL RESERVES
	490		Capital Reserves on Revaluation
	491		Other Capital Reserves

APPENDIX 2 CONTD..

B. PROFIT AND LOSS ACCOUNTS 50-99

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
50-59			**INCOME AND GAINS**
50			SALES INCOME
	500		Export Sales - Gross
	501		Export Sales - Returns
	502		Export Sales - Net
	504		Local Sales - Gross
	505		Local Sales - Returns
	506		Local Sales - Govt. Tax
	507		Local Sales - Net
51			SALES OF SCRAP AND WASTE
	510		Sale of Scrap
	511		Sale of Waste
52			INTEREST INCOME
	520		Interest from ST Deposits -Banks
	521		Interest from Security
	522		Interest from Other ST Investmt.
	523		Interest from LT Govt. Security
	524		Interest from Other LT Investmt.
53			RENTAL INCOME
54			OTHER MISC. INCOME
58			PROV. FOR DISCOUNTS ON PAYMENTS
59			PROFITS ON SALE OF FIXED ASSETS NOT TAKEN TO CAP. RES.
60-99			**EXPENSES AND LOSSES**
60-64			**COST OF PRODUCTION**
60			DIRECT MATERIALS
	600	0001 to 0999 (Stock)	R.M. - Imported (C.I.F)
	601	Ledger-Sub	R.M. - Local
	602		Other D.M. - Imported (C.I.F)
	603		Other D.M. - Local

APPENDIX 2 CONTD..

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
61			DIRECT WAGES
	610		Wages and Allowances Gross
	611		Other Company Contributions
	612		PAYE & Social Security Deductns.
	613		Wages and Allowances Net.
62			OTHER DIRECT EXPENSES
	620		Power
	621		Fuel
65-94			**OPERATING EXPENSES**
65-74			**FACTORY OPERATING EXPENSES**
65	650	0001 to 0999 (ST Ledger)	Consumables and Ind. Materials
	651		Spare Parts
	652		Bought-out Components
66			SALARIES AND WAGES
	660		Salaries and Allowances - Gross
	661		Other Co. Contributions
	662		PAYE & Soc. Sec. Deductions
	663		Salaries and Allowances - Net
	664		Wages and Allowances
	665		Other Company Contributions
	666		PAYE & Social Security Deductns.
	667		Wages and Allowances - Net
67			REPAIRS AND MAINTENANCE
	670		Consumables and Ind. Materials
	671		Spares and Components
	672		Wages and Allowances Gross
	673		Other Company Contributions
	674		PAYE & Social Security Deductns.
	675		Wages and Allowances - Net
	676		Other repairs & Mtce. Charges
68			INTER-FACTORY TRANSPORT EXPENSES
	680		Fuel
	681		Oils and Grease
	682		Other Maintenance Charges
	683		Other Repairs Cost

APPENDIX 2 CONTD.

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
69			RENT (FACTORY)
70			DEPRECIATION
	700		Depreciation-Factory & W/S Bldg.
	701		Depreciation - Other Civil Works
	702		Depreciation - Pl & Mach Factory
	703		Depreciation - Pl & Mach - W/S
	704		Depreciation - Tools
	705		Depreciation - Transport Inter Factory
	706		Depreciation - Factory & W/Shop Furn. & Fixtures
71			PRINTING, STAT. & OFF. SUPPLIES
	710		Printing - Factory Forms
	711		Stationery & Office Supplies
72			FACTORY INSURANCE
73			GOVERNMENT DUTIES AND LEVIES
74			MISCELLANEOUS FACTORY EXPENSES
75-84			ADMINISTRATION EXPENSES
75			DIRECTORS REMUNERATION AND FEES
	750		Directors Fees
	751		Directors Remuneration Gross
	752		Directors Other Company Contrib.
	753		PAYE & Social Security Deductns.
	754		Directors Remuneration - Net
76			SALARIES AND WAGES
	760		Salaries & Allowances - Gross
	761		Other Company Contributions
	762		PAYE & Social Security Deductns.
	763		Salaries and Allowances - Net
	764		Wages and Allowances - Gross
	765		Other Company Contributions
	766		PAYE & Social Security Deductns.
	767		Wages and Allowances - Net

APPENDIX 2 CONTD.

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
77			RENT, RATES AND TAXES
	770		Rent
	771		Rates and Taxes
78			DEPRECIATION
	780		Depreciation - Office Premises
	781		Depreciation - Office Equipment
	782		Depreciation - Furn. & Fixtures
	783		Depreciation - Vehicles and Cars
79			TRAVELLING AND ENTERTAINMENT
	790		Travelling Exp. - Directors
	791		Travelling Exp. - Mgt. and Staff
	792		Travelling Exp. - Others
	793		Entertainment Exp. - Directors
	794		Entertainment Exp. - Mgt & Staff
	795		Other Entertainment Expenses
80			VEHICLES RUNNING EXPENSES
	800		Fuel
	801		Oils and Grease
	802		Other Maintenance Expenses
	803		Vehicles/Cars repair expenses
81			PRINTG., STAT, & OFFICE SUPPLIES
	810		Printing
	811		Stationery and Office Supplies
82			POSTAGE, TELEGRAMS & TELEPHONE
	820		Postage
	821		Telegrams
	822		Telephones
	823		Fax
83			OTHER OFFICE EXPENSES
	830		Audit Fees and Expenses
	831		Legal Fees and Expenses
	832		Medical Expenses
	833		Welfare Expenses
	834		Contributions and Donations
	835		Insurance
	839		Misc. Expenses

APPENDIX 2 CONTD..

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
85-94			MARKETING & DISTN. EXPENSES
85			SALARIES AND ALLOWANCES
	850		Salaries and Allowances
	851		Other Company Contributions
	852		PAYE & Social Security Deductns.
	853		Salaries and Allowances - Net
	854		Wages and Allowances - Gross
	855		Other Company Contributions
	856		PAYE & Social Security Deductns.
	857		Wages and Allowances - Net
86			BONUS AND COMMISSIONS
	860		Salesmen's Bonus & Commissions
	861		Distributors Bonus & Commissions
	862		Agents bonus & Commissions
87			ADVERTISING AND PUBLICITY
	870		Advtsg - Newspaper & Periodicals
	871		Advtsg - Ratio and TV
	872		Other Advertising Expenses
	873		Brochures & Published Material
	874		Samples
	875		Other Publicity Expenses
88			VEHICLES RUNNING EXPENSES
	880		Fuel
	881		Oils and Grease
	882		Other Maintenance Expenses
	883		Repair Charges
89			DEPRECIATION
	890		Depreciation of Br. Offices
	891		Depreciation Godown and Sheds
	892		Depreciation Delivery Vehicles
	893		Depreciation Furn. & Fixtures
	894		Depreciation Others
90			TRAVELLING AND ENTERTAINMENT
	900		Travelling Expenses Mktg. Staff
	901		Travelling Expenses of Salesmen
	902		Entertainment Expenses

APPENDIX 2 CONTD.

MAJOR HEAD	MINOR HEAD	SUB-HEAD	DESCRIPTION
91			FREIGHT, INSURANCE AND CARRIAGE
	910		Freight Outwards
	911		Insurance Outward Goods
	912		Carriage and Handling
92			OTHER MARKETG. & DISTRIBTN. EXP.
	920		Rent of Branch Offices
	921		Rent of Godowns/Shed
	922		Ins. of Promises & Stocks
	923		Printing, Stat, & Off. Supplies (Branches and Depots)
	924		Postage, Tel & Tel. Charges (Branches and Depots)
	929		Miscellaneous Exp.
95-98			FINANCIAL EXPENSES
95			INTEREST
	950		Interest on Overdraft
	951		Interest on ST Borrowings
	952		Interest on LT Borrowings
	953		Other Interest Payable
96			COMMISSIONS AND CHARGES
	960		Bank Comm. on Letters of Credit
	961		Other Bank Commissions
	962		Bank Charges on LC
	963		Other Bank Charges
99			PROVISIONS AND WRITE-OFFS
	990		Bad Debts Written Off
	991		Stock Losses Written Off
	992		Other Write-Offs
	993		Provision for Bad & D'ful Debts
	994		Provisions for Stock Losses
	995		Other Provisions

APPENDIX 3

LAKE VICTORIA BOTTLING COMPANY LIMITED

CHART OF ACCOUNTS

ACCOUNT NO.	ACCOUNT NAME
1111000	Land and Building
1112001	Plant and Machinery
1112002	Workshop Machinery
1113001	Intra Factory Transport
1113002	Cars
1113003	Vans and Pick-ups
1113004	Buses
1113005	Lorries and Trucks
1113006	Others
1114001	Tools
1114002	Laboratory Equipment
1115001	Factory and Workshop Furniture Fixtures
1115002	Office Furniture
1115003	Domestic Furniture
1115004	Other Furniture
1115005	Factory and Workshop Furniture
1115006	Office Fixtures
1115007	Domestic Fixtures
1115008	Other Fixtures
1115009	Typewriters
1115010	Cyclostyling Equipment
1115011	Photocopiers
1115012	Telephone, Telex, Fax Machine
1115013	Personal Computers
1115014	Calculating Machines
1115015	Clocks
1115016	Water Coolers
1115017	Others
1122000	Trade Debtors
1122001	L/Cs Receivables
1122002	Staff Debtors
1122003	Bottle Debtors A/C

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
1113001	Salaries
1113002	Wages
1113003	Site, Rental and Rates
1113004	Insurance
1113005	House Rent
1125001	Uganda Commercial Bank
1125002	Cash Imprest: H/Office
1125003	Depot Cash Imprest: Jinja
1125004	Depot Cash Imprest: Masaka
1125005	Depot Cash Imprest: Mbarara
1125006	Depot Cash Imprest: Kasese
1125007	Depot Cash Imprest: Mbale
1125008	Depot Cash Imprest: Guru
1121011	Concentrate Stock : Pepsi
1121021	Concentrate Stock : Mirinda
1121031	Concentrate Stock : Teem
1121041	Concentrate Stock : Evervess (CS)
1121051	Concentrate Stock : Evervess (TW)
1121001	Sugar
1121002	Carbon Dioxide
1121003	Crown Corks
1121004	Oils and Grease
1121005	Spare Parts and Maintenance Mats
1121006	Shells Stock
1121007	Bottle Washing Chemicals
1121008	Sundry Supplies
1121009	Bottles Stock
1124011	Semi-Finished: Pepsi Syrop
1124021	Semi-Finished: Mirinda Syrop
1124031	Semi-Finished: Teem Syrop
1124041	Semi-Finished: Evervess (CS)
1124051	Semi-Finished: Evervess (TW)
1126011	Finished Goods: Pepsi
1126021	Finished Goods: Mirinda
1126031	Finished Goods: Teem
1126041	Finished Goods: Evervess (CS)
1126051	Finished Goods: Evervess (TW)

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
1126001	Depot Stock: Jinja
1126002	Depot Stock: Masaka
1126003	Depot Stock: Mbarara
1126004	Depot Stock: Kasese
1126005	Depot Stock: Mbale
1126006	Depot Stock: Guru
1126007	Stationery
1126008	Drugs
1126009	Goods-in Transit: Jinja
1126010	Goods-in Transit: Masaka
1126011	Goods-in Transit: Mbarara
1126012	Goods-in Transit: Kasese
1126013	Goods-in Transit: Mbale
1126014	Goods-in Transit: Guru
1223001	Taxation
1224001	Dividend Payable
1222001	P.A.Y.E.
1222002	Social Security Fund
1222003	Accrued Wages and Salaries
1222004	Union
1222005	Retirement Benefits Scheme
1222006	Graduated Poll Tax
1222007	Leave Pay and Passages
1221001	Trade Creditors
1221002	Bottles Depositors Account
1222008	Electricity
1222009	Water Charges
1222010	Telephone
1222011	Audit Fees
1226001	Land and Building Depreciation Provision
1226002	Plant and Machinery Depreciation Provision
1226003	Motor Vehicles Depreciation Provision
1226004	Laboratory Equipment Depreciation Provision
1226005	Tools Depreciation Provision
1226006	Furniture and Fittings Depreciation Provision
1226007	Office Equipment Depreciation Provision

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
	Shareholders Interest
1211001	Share Capital - Ordinary Shares
1211002	Share Capital - Preference Shares
1211003	Share Premium
1211004	Capital Reserve
1211005	Revenue Reserve
1211006	Dividend
1211007	Unappropriated Profit After Tax
	Long-Term Loans
1212001	East African Development Bank
	Medium/Short Term Loans
1213001	Uganda Commercial Bank
2110010	Sales: Pepsi
2110020	Sales: Mirinda
2110030	Sales: Teem
2110040	Sales: Evervess/CS
2110050	Sales: Evervess/TW
	Other Income
2120001	Sales
2210010	Cost of Sales: Pepsi
2210020	Cost of Sales: Mirinda
2210030	Cost of Sales: Teem
2210040	Cost of Sales: Evervess/CS
2210050	Cost of Sales: Evervess/TW
2251011	Concentrate: Pepsi
2251021	Concentrate: Mirinda
2251031	Concentrate: Teem
2251041	Concentrate: Evervess/CS
2251051	Concentrate: Evervess/TW
2251012	Sugar: Pepsi
2251022	Sugar: Mirinda
2251032	Sugar: Teem
2251042	Sugar: Evervess/CS
2251052	Sugar: Evervess/TW

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
2251013	CO2: Pepsi
2251023	CO2: Mirinda
2251033	CO2: Teem
2251043	CO2: Evervess/CS
2251053	CO2: Evervess/TW
2251014	Water: Pepsi
2251024	Water: Mirinda
2251034	Water: Teem
2251044	Water: Evervess/CS
2251054	Water: Evervess/TW
2252011	Basic: Pepsi
2252021	Basic: Mirinda
2252031	Basic: Teem
2252041	Basic: Evervess/CS
2252051	Basic: Evervess/TW
2252012	Incentives: Pepsi
2252022	Incentives: Mirinda
2252032	Incentives: Teem
2252042	Incentives: Evervess/CS
2252052	Incentives: Evervess/TW
2252013	Overtime: Pepsi
2252023	Overtime: Mirinda
2252033	Overtime: Teem
2252043	Overtime: Evervess/CS
2252053	Overtime: Evervess/TW
2252014	Bonus: Pepsi
2252024	Bonus: Mirinda
2252034	Bonus: Teem
2252044	Bonus: Evervess/CS
2252054	Bonus: Evervess/TW
2252015	Awards: Pepsi
2252025	Awards: Mirinda
2252035	Awards: Teem
2252045	Awards: Evervess/CS
2252055	Awards: Evervess/TW

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
2253011	Bottle Wash Chemicals: Pepsi
2253021	Bottle Wash Chemicals: Mirinda
2253031	Bottle Wash Chemicals: Teem
2253041	Bottle Wash Chemicals: Evervess/CS
2253051	Bottle Wash Chemicals: Evervess/TW
2253012	Bottle Breakages: Pepsi
2253022	Bottle Breakages: Mirinda
2253032	Bottle Breakages: Teem
2253042	Bottle Breakages: Evervess/CS
2253052	Bottle Breakages: Evervess/TW
2253013	Fuel (Boiler): Pepsi
2253023	Fuel (Boiler): Mirinda
2253033	Fuel (Boiler): Teem
2253043	Fuel (Boiler): Evervess/CS
2253053	Fuel (Boiler): Evervess/TW
2253014	Power: Pepsi
2253024	Power: Mirinda
2253034	Power: Teem
2253044	Power: Evervess/CS
2253054	Power: Evervess/TW
2253015	Water: (Non-Bottling): Pepsi
2253025	Water: (Non-Bottling): Mirinda
2253035	Water: (Non-Bottling): Teem
2253045	Water: (Non-Bottling): Evervess/CS
2253055	Water: (Non-Bottling): Evervess/TW
2253016	Sundry Supplies: Pepsi
2253026	Sundry Supplies: Mirinda
2253036	Sundry Supplies: Teem
2253046	Sundry Supplies: Evervess/CS
2253056	Sundry Supplies: Evervess/TW
2253017	Crown Corks: Pepsi
2253027	Crown Corks: Mirinda
2253037	Crown Corks: Teem
2253047	Crown Corks: Evervess/CS
2253057	Crown Corks: Evervess/TW

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
2261001	Indirect Labour - Basic Salaries and Wages
2261002	Indirect Labour: Incentives
2261003	Indirect Labour: Overtime
2261004	Indirect Labour: Bonus
2261005	Indirect Labour: Awards
2262001	Staff Entertainment
2262002	Medical Benefits
2262003	Staff Uniforms
2262004	Hired Transport
2262005	Leave Pay
2262006	House Allowance
2262007	Transport Allowance
2262008	Entertainment Allowance
2263001	Hotel and Travelling
2263002	Building Maintenance
2263003	Plant Maintenance
2263004	Hired Security
2263005	Intra Factory Transport Maintenance
2263006	Rent and Rates
2254001	Depreciation Charge: Building
2254002	Depreciation Charge: Plant and Machinery
2254003	Depreciation Charge: Plant Loose Tools
2254004	Depreciation Charge: Laboratory Equipment
2254005	Depreciation Charge: Intra Factory Transport
	Administrative and Personnel Expenses
2221001	Directors Fees
2221002	Directors Remuneration
2221003	Directors Other Expenses
2221004	Staff Entertainment
2221005	Medical Benefits
2221006	Staff Uniforms
2221007	Staff Rent
2222001	Hired Transport (Personnel)
2221008	Leave Pay (Admin.)
2222008	Leave Pay (Personnel)
2223008	Leave Pay (Internal Audit)
2221009	Rations/Lunch
2221010	House Allowance (Admin.)
2222010	House Allowance (Personnel)
2223010	House Allowance (Internal Audit)

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
2221011	Food Allowance
2221012	Transport Allowance (Admin.)
2222012	Transport Allowance (Personnel)
2223012	Transport Allowance (Internal Audit)
2221013	Entertainment Allowance (Admin.)
2222013	Entertainment Allowance (Personnel)
2221014	Hotel and Travelling (Admin.)
2222014	Hotel and Travelling (Personnel)
2223014	Hotel and Travelling (Internal Audit)
2221015	Building Maintenance (Admin.)
2221016	Office Equipment Mtce. (Admin.)
2221017	Hired Security
2221018	Rent and Rates
2221019	Depr. Charge: Motor Vehicles
2221021	Depr. Charge: Furn. Equip. & Fixtures
	Marketing and Sales Expenses
2232001	Staff Salaries, Wages and Benefits
2232002	Medical Benefits
2231001	Hired Transport
2231002	Advertising and Promotion
2231003	Leave Pay
2231004	House Allowance
2231003	Transport Allowance
2210003	Entertainment Allowance
2231004	Hotel and Travelling
2232005	Building Maintenance
2232006	Hired Security
2232007	Rent and Rates
2232008	Bonus and Commission
2232009	Staff Uniforms
2231005	Bottle Breakage in Warehouse and Trucks
2241001	Interest on Short Term Loans
2241002	Interest on Long Term Loans
2241003	Other Bank Charges
2241004	Provision for Bad Debts

APPENDIX 3 CONTD.

ACCOUNT NO.	ACCOUNT NAME
2242001	Staff Salaries, Wages and Benefits
2242002	Staff Entertainment
2242003	Medical Benefits
2242004	Leave Pay
2242005	House Allowance
2242006	Food Subsidy
2242007	Entertainment Allowance
2242008	Hotel and Travelling
2242009	Depreciation Charge: Furn., Equip. & Fixtures
	Taxation
2271000	Corporation Tax

APPENDIX 4

LAKE VICTORIA BOTTLING COMPANY LIMITED
PRICING METHOD: AVERAGE

IATERIAL INPUT: A

	RECEIPTS			ISSUES			BALANCE		
	Qty	Rate	Value	Qty	Rate	Value	Qty	Rate	Value
/8	4956	443	2,196,738	-	-	-	4956	443	2,196,738
/8	500	550	275,000	-	-	-	5456	453	2,471,732
/8				5000	453	2,265,000	456	453	206,568

APPENDIX 5

LAKE VICTORIA BOTTLING COMPANY LIMITED
PRICING METHOD: LAST-IN-FIRST-OUT

ATERIAL INPUT: A

	RECEIPTS			ISSUES			BALANCE		
	Qty	Rate	Value	Qty	Rate	Value	Qty	Rate	Value
/8	4956	443	2,196,738	-	-	-	4956	443	2,196,738
/8	500	550	275,000	-	-	-	5456	550	3,000,800
/8				5000	550	2,750,000	456	550	250,800

APPENDIX* 6

LAKE VICTORIA BOTTLING COMPANY LIMITED
WEEKLY PRODUCTION/STOCK REPORT

GROSS PRODUCTION:- PC C/S MIRINDA C/S TEEM C/S TOTAL

	CONCENTRATES								SYRUP (LITRES)					SUGAR - KGS	
	PEPSI COLA		MIRINDA		TEEM		EVERVESS		PC	MR	TM	EVE		LOCAL	IMPORT
	INGREDT. "A"	INGREDT. "B"	ORANGE NO. 3	ACID NO. 3	L.S	L.L	TONIC ACID	TONIC WATER	CLUB SODA						
Opening Stock															
Receipts															
Total															
Used															
Balance															

LAKE VICTORIA BOTTLING COMPANY LIMITED
2nd Street, P.O. Box 20021, Kampala

WEEK ....
KVA ....
POWER KWH ....

WEEKLY PRODUCTION REPORT

	FILTERS AND CROWN CORKS											
	FILTER PADS (PCS) 6666	PEPSI COLA CROWNS (CTNS)	MIRINDA CROWNS (CTNS)	TEEM CROWNS (CTNS)	PLAIN CROWNS (CTNS)	UAAF CROWNS (CTNS)	CAUSTIC SODA (KGS)	CHLORINE (CAL. HYDRO-CHLORINE (KGS)	CHLORIDE OF LIME (KGS)	STABILION (KGS)	TRUSIDUYN PHOSPHATE (KGS)	HOMA LIME (KGS)
OPENING STOCK												
RECEIPTS												
SUB-TOTAL:												
USED												
BALANCE												

LAKE VICTORIA BOTTLING COMPANY LIMITED

WEEKLY PRODUCTION REPORT WEEK .... 19.....

ITEMS	SUNDRY CONSUMABLES (CONT'D)														
	FERROUS SULPHATE (KGS.)	SODIUM BICAR-BONATE (KGS.)	KENSIL 90 (KGS.)	FINE CARBON (KGS.)	ACTIVATED CARBON (KGS.)	CITRIC ACID (LTRS)	LIQUID SOAP MAIN LINE (LTRS)	BLUE OMO (PKTS)	VIM ( )	BAR SOAP	BRILTAK (KGS)	DIOKEM (KGS)	(-9)	PER FON (KGS)	TICKET (LTRS)
OPENING STOCK															
RECEIPTS															
SUB-TOTAL:															
USED															
BALANCE															

APPENDIX 6 CONTD..

LAKE VICTORIA BOTTLING COMPANY LIMITED

PRODUCTION REPORT MONTH .... 19...

ITEMS	SUNDRY CONSUMABLES (CONT'D)									
	BOILER FUEL (GALL)	CARBON-DIOXIDE (BULK) (KGS.)	CARBON-DIOXIDE (CYLINDERS) (KGS.)	FREON GAS R.22 (KGS.)	FREON GAS R.12	BROOMS AND BRUSHES	BOTTLE WASHING BRUSHES	SISAL TWINS	HAND GLOVES	
OPENING STOCK										
RECEIPTS										
SUB-TOTAL:										
USED										
BALANCE										

APPENDIX 7

LAKE VICTORIA BOTTLING COMPANY LIMITED
SYRUP ROOM REPORT

WEEK ____________________

MATERIALS USAGE

	UNITS OF CONCENTRATES		SUGAR USAGE
PEPSI COLA	74		83398
MIRINDA	166		78916
TEEM	31		10984
EVE. TONIC	4		1285
		SHORTAGE	661
		SWEEPINGS	50

		TOTAL	175294
			======

SUGAR STOCK CONTROL

OPENING STOCK	29312
RECEIVED	158782

TOTAL	188094
SUBTRACT SUGAR USED	175294

BALANCE	12800
	======

SYRUP USAGE

	PEPSI COLA	MIRINDA	TEEM	EV. TONIC	EV. CLUB SODA
OPENING STOCK	4846	-	-	-	-
RECEIVED	126048	113128	17598	2270	-
USED	122380	113128	17598	2270	-
BALANCE	8514	-	-	-	-

PREPARED BY: ____________________ *CHEMIST:* ____________________

APPENDIX 8

LAKE VICTORIA BOTTLING COMPANY LIMITED
DAILY LABOUR USAGE

NO: DLU0001

COST CENTRE: ________ ACTIVITY REF: ________ DATE: ________

NAME	GRADE	HOURS WORKED	IDLE TIME	HOURLY RATE	LABOUR COST	REMARKS
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
TOTAL						

Supervisor's Signature: ________ Production Manager: ________

APPENDIX 9

LAKE VICTORIA BOTTLING COMPANY LIMITED
WEEKLY PROCESS MATERIALS JOURNAL

Imported Raw Materials

DATE: ____________________

DEBITS	A/C CODE	AMOUNT SHS.
Imported Raw Materials Used		

CREDITS	A/C CODE	QUANTITY	UNIT COST	AMOUNT
Pepsi Concentrates		....	....	....
Mirinda Concentrates		....	....	....
Teem Concentrates		....	....	....
Ev. Club Soda Concentrates		....	....	....
Ev. Tonic Water Concentrates		....	....	....
Pepsi Crowns		....	....	....
Mirinda Crowns		....	....	....
Teem Crowns		....	....	....
Ev. Club Soda Crowns		....	....	....
Ev. Tonic Water Crowns		....	....	....
Ev. Soda Water Crowns		....	....	....
Plain Crowns		....	....	....
NRAAF Crowns		....	....	....
Sugar - Direct Import		....	....	....
Sugar - Foods and Beverages		....	....	....
Carbon Dioxide		....	....	....
				________
				================

PREPARED BY: ....

APPROVED BY: ....

VERIFIED BY: ....

APPENDIX 9 CONTD..

LAKE VICTORIA BOTTLING COMPANY LIMITED
WEEKLY PROCESS MATERIALS JOURNAL

Local Raw Materials

DATE: ________________

DEBITS	A/C CODE	AMOUNT SHS.
Local Raw Materials Used		

CREDITS	A/C CODE	QUANTITY	UNIT COST	AMOUNT
Pepsi Crowns		....	....	....
Mirinda Crowns		....	....	....
Teem Crowns		....	....	....
Ev. Club Soda Crowns		....	....	....
Ev. Tonic Water Crowns		....	....	....
Ev. Soda Water Crowns		....	....	....
Plain Crowns		....	....	....
Uganda Sugar		....	....	....
Local Carbon Dioxide		....	....	....
				________
				========

PREPARED BY: ....

APPROVED BY: ....

VERIFIED BY: ....

APPENDIX 9 CONTD..

LAKE VICTORIA BOTTLING COMPANY LIMITED
WEEKLY PROCESS MATERIALS JOURNAL

Other Direct Materials: Local and Imported

DATE: ____________________

DEBITS	A/C CODE	AMOUNT SHS.
Other Direct Materials Used: Imported		....
Other Direct Materials Used: Local		....
		___________

CREDITS

IMPORTED MATERIALS	A/C CODE	QUANTITY	UNIT COST	AMOUNT
Caustic Soda		....	....	....
Stabilion		....	....	....
Chlorine		....	....	....
Diatomite		....	....	....
Trisodium Phosphate		....	....	....
Activated Carbon		....	....	....
Sodium Hypochlorite		....	....	....
Kensil 90		....	....	....
			___________	___________
			=========	=========

LOCAL MATERIALS

....
....
....

PREPARED BY: ....

APPROVED BY: ....

VERIFIED BY: ....

APPENDIX 10

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGET DEVELOPMENT

Internal Audit Department

1. State labour requirements, grade-by-grade, for the plan period: i.e.
   - Audit Clerks
   - Audit Assistants.

2. State senior staff requirements for the plan period and show their grade (M2 - M4)
   - Senior Audit Assistants
   - Assistant Internal Auditor
   - Internal Auditor.

3. Give estimated number of field trips showing number of trips planned and destinations as well as the grades of officers who are to undertake the trips.

4. State stationery requirement for the plan period in detail.

5. Provide estimate for capital items for the Department, i.e.
   - Office furniture and equipment and give justification for each item.

APPENDIX 11

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGET DEVELOPMENT

Administration Department

1. State labour requirements on grade-by-grade basis
   - Office Messengers
   - Registry Clerks
   - Cleaners
   - Shamba Boys
   - Maintenance
   - Mechanics
   - Carpenters
   - Plumbers
   - Masons
   - Steno/Secretaries

2. State senior staff requirements for the plan period
   - Senior Personal Secretaries
   - Office Superintendent
   - Maintenance Supervisors
   - Administrative Officer
   - Workshop Supervisor

3. Estimated amount payable on legal matters
   - Retainer fees for external lawyers
   - Legal fees for litigation and solicitor work
   - Levies/duties payable to registrar of companies as provided in the Companies Act.

4. Estimate premiums payable on insurance for all insurance covers for planned period.

5. Estimate rents payable for company staff entitled/eligible for housing.

6. Cost of rates, rents and charges payable on land-holding.

7. Estimate
   - Donations
   - Subscriptions (newspapers, magazines and organizations.

8. Estimate cost of maintenance for Company property.

9. Estimate payments required for postal and courier services.
   - Postage
   - Courier services
   - Telephones
   - Fax

APPENDIX 11 CONTD.

10. Provide details for rents in respect of Depots.

11. State cost of maintenance/repair for furniture and equipment including domestic furniture.

12. Provide estimates for accounting and audit fees to be changed during plan period.

13. Estimate Directors' expenses for the period. State
    - No. of directors
    - No. of meetings to be held by type (eg. finance committee, full board, etc.)
    - Rate of fees
    - Rate of sitting allowance

14. State expected fees for property/asset revaluation during the planned period.

15. State requirements for
    - Office furniture and equipment for administration
    - Domestic furniture for all entitled staff, officer by officer.

16. State requirements for motor vehicles used for administrative duties.
    - Mini buses
    - Pool cars

17. State requirements for additions to property, i.e.
    - Land for development
    - Houses to be built.

18. State spares requirements for vehicle maintenance (for administration vehicles only).

19. State printing and stationery requirements for the administration department.

20. Provide estimate to number of trips to be taken outside the country, showing destinations and offices who are supposed to travel for the plan period.

APPENDIX 12

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGET DEVELOPMENT

Personnel Department

1. State labour requirements on grade-by-grade basis.
   - Record Clerks/Assistants
   - Clinic Attendants.

2. State senior staff requirements for the plan period (for all grades M1 - M4) by category and rates of their pay, i.e.
   - Records Supervisor
   - Training Officer
   - Personnel Manager
   - Medical Superintendent
   - Nurses

3. State planned recruitment/retirement - (in consultation with Department Heads) of staff in all categories.

4. State training programme (manpower development) for all grades within the Company for the planned period.

5. Provide estimated cost of training for the plan period on grade by grade basis.

6. State details of lunch to be provided:
   - No. of plates and cost
   - Evening meals (for night shift) if any.

7. State estimate for other welfare services to be provided in plan period, i.e.
   - annual party
   - contingency fund to assist employees in distress

8. State estimate for Company Clinic expenses
   - Hire of Doctor
   - Drugs
   - Supplies, eg. bandages, etc.

9. State estimate of welfare subsidies to be paid in the plan period.

10. State in quantitative terms, uniforms to be provided to staff under Personnel Department.

APPENDIX 12 CONTD.

11. State number of employees going on leave grade-by-grade and show their entitlement(s) in monetary terms.

12. State other non-monetary benefits to be given to employees grade by grade, i.e. free issues, drinkage of soda.

APPENDIX 13

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGET DEVELOPMENT

Production Department

1. State units of concentrate required for each brand in a given year.

2. State quantities of sugar required for each brand.

3. State quantities of CO2 required for each brand

4. State quantity of cartons of crown corks required by types.

5. State number of empties required for planned production.

6. State number of quantity of water to be used:
   i) in bottle washing
   ii) steaming
   iii) sanitation
   iv) syrup making
   v) chilling
   vi) chilled treated water for bottling.

7. State quantity of power will be used.

8. State quantity of boiler fuel.

9. Bottle washing chemicals

10. Detergents

11. Chain lubricants

12. Water treatment chemicals

13. Lab chemicals

14. Filter materials

15. Plant spares

16. Other machinery spares, eg. forklift spares

17. Plant preventive maintenance programme

18. Machinery bottle breakage

APPENDIX 13 CONTD.

19. Number of employees required of each grade and their functions per batch.

i) State labour and supervisors requirement in the production plant, i.e.
- syrup making
- carbonation
- filler/crowner
- bottle in feed
- decrating
- bottle washer
- inspection lights
- accumulation table (crating)
- crate washer
- floor cleaners

ii) State labour/supervisor requirement for ancillary services i.e.
- boiler attendants
- compressor room attendants
- intra-factory transport (forklift drivers)
- lab staff categorise these under mechanical and electrical engineering services

iii) State number and grades of senior staff requirement.

20. State frequency and quantity of samples to be despatched to Germany for PCI tests.

21. State quantity to be used within plant for lab samples of each brand.

22. State if you will need to hire plant (eg. forklift) and for how long.

23. State factory building maintenance programme and estimate for quantity of materials in maintenance section.

24. State requirements for uniforms and protective wear.

APPENDIX 13 CONTD.

25. State proposal for capital items required during the budget period, i.e.
    - Office furniture and equipment
    - Additions to plant and equipment
    - Motor vehicles
    - Tools

26. Give estimate for quantities of production stores which you feel might be written off as damages during the plan period, example, damaged stocks of sugar, concentrates, chemicals.

APPENDIX 14

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGET DEVELOPMENT

Finance and Accounting Department

1. State labour requirements on grade-by-grade for the plan period: i.e.
   - Accounts Clerks
   - Accounts Assistants
   - Cashiers
   - Storekeepers

2. State senior staff requirements for the plan period:
   - Senior Accounts Assistants
   - Chief Cashier
   - Assistant Accountants
   - Accountants
   - Chief Accountant

3. State printing and plain stationery requirement for the plan period.

4. State number of official trips (within the country) planned for the period.

5. State estimate of interest charges estimated to be incurred on:
   - short term loans
   - overdrafts.

6. State estimate of interests for long-term loans (eg. EADB Loans).

7. State estimate of bank charges and commissions
   - Charges on transfers from collection accounts
   - Charges on preparing bank drafts
   - Other bank charges.

8. State estimate of bad debts to be written off.

9. State estimate of provision for bad and doubtful debts.

10. State proposal for capital items required for the Department ie.
    - office furniture and equipment (and show justification for requirements).

APPENDIX 15

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGET DEVELOPMENT

Marketing Department

1. State estimated sales for the budget period by product brand in quantities and price at which you will be able to sell.

2. State labour requirement for the plan period grade-by-grade
   - Truck helpers
   - Loaders in warehouse
   - Checkers
   - Painters/signwriters
   - Depot personnel (excluding depot supervisors)

3. Senior staff/supervisors requirement for the period
   - Supervisors (sales supervisors and depot supervisors)
   - Other staff (marketing officer, advert officer, senior sales supervisors and M/manager).

4. Uniform requirements for the plan period.

5. Estimate of travelling expenses for sales crew on routes.

6. Depot running expenses
   - hire of police guards
   - fuel requirements for pick-ups/trucks
   - banking expenses

7. Estimate of advertising and promotion expenses for the period.

8. Estimate of
   - bottle breakages in warehouse and on trucks (subdivide in full goods and empties)
   - bottle losses in warehouse/trade.

9. Estimate of commissions to be paid to salesmen and agents also define the rates and conditions under which commissions should be paid.

10. Estimate requirement for vehicle maintenance for all categories of trucks/pick-ups for the planned period.

APPENDIX 15 CONTD.

11. State requirement for
    - freight trucks
    - pick-up trucks
    - cars/motorcycles.

12. Indicate volume of printed and plain stationery for the plan period.

APPENDIX 16

LAKE VICTORIA BOTTLING COMPANY LIMITED
BUDGETED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDING ..... (IN U.SHS '000 + 1DEC)

Signed By: C/A G/M

D E T A I L S	ACTUAL CUMULATIVE 30TH SEPT. ...	ESTIMATED 3 MONTHS TO 31ST DEC. ...	BUDGET
BUDGETED NET SALES			
LESS: COST OF SALES			
BUDGETED GROSS PROFIT			
DEDUCT: SELLING, GENERAL AND ADMINISTRATION EXPS.			
1. MARKETING & SALES			
Publicity and Adverts			
Staff Salaries and Benefits			
Staff Entertainment			
Medical Benefits			
Hired Transportation			
Leave Pay			
Housing Allowance			
Hotel and Travelling			
Transport Allowance			
Entertainment Allowance			
Vehicle Depreciation			
Furniture, Equipment and Fixtures Depreciation			
Building Depreciation			
Rent and Rates			
Stationery			
Building Maintenance			
Hired Security			
SUB TOTAL			

APPENDIX 16 CONTD.

D E T A I L S	ACTUAL CUMULATIVE 30TH SEPT. ...	ESTIMATED 3 MONTHS TO 31ST DEC. ...	BUDGET
<u>ACCOUNTING AND FINANCE</u>			
Staff Salary			
Staff Entertainment			
Medical Benefits			
Hired Transportation			
Leave Pay			
Staff Pension			
Housing Allowance			
Transport Allowance			
Entertainment Allowance			
Hotel and Travelling			
Furniture, Equipment & Fixtures Depr.			
Stationery			
Bank Charges			
Interest on O/D			
Interest on Loan			
SUB TOTAL			
<u>ADMINISTRATION</u>			
<u>General</u>			
Directors Fees			
Directors Remuneration			
Directors Other Expenses			
Staff Salaries			
Staff Rent			
Staff Pension			
Leave Pay			
Office Stationery			
Rations/Lunch			
Housing Allowance			
Transport Allowance			
Entertainment Allowance			
Hotel and Travelling			
Building Maintenance			
Office Equipment Maintenance			
Hired Security			
Rent/Rates			
Depreciation - Building			
Depreciation - Motor Vehicles			
Depreciation - Furn., Eqpt. Fixtures			
Legal and Professional Fees			
Audit Fees			
SUB TOTAL			

APPENDIX 16 CONTD.

DETAILS	ACTUAL CUMULATIVE 30TH SEPT. ...	ESTIMATED 3 MONTHS TO 31ST DEC. ...	BUDGET
PERSONNEL			
Staff Salaries			
Staff Pension			
Staff Entertainment			
Medical Benefits			
Staff Uniforms			
Hired Transportation			
Leave Pay			
Housing Allowance			
Welfare Subsidy			
Transport Allowance			
Entertainment Allowance			
Hotel and Travelling			
Stationery			
Training and Tuition			
SUB TOTAL			
AUDIT			
Staff Salaries			
Staff Pension			
Leave Pay			
Housing Allowance			
Transport Allowance			
Entertainment Allowance			
Hotel and Travelling			
Stationery			
SUB TOTAL			
GRAND TOTAL EXPENSES			
NET PROFIT/(LOSS) BEFORE TAX			
TAXATION			
NET PROFIT/(LOSS) AFTER TAX			

APPENDIX 17

LAKE VICTORIA BOTTLING COMPANY LIMITED
PRODUCTION COST REPORT
FOR THE MONTH ENDING .... 19...

PRODUCTION MANAGER ....
CHIEF ACCOUNTANT ....

ACTIVITY LEVEL	BRAND CODE	01	02	03	04	05	
PROCESS DETAILS		PC	M	TM	EV/CS	EV/TW	TOTAL
DIRECT MATERIAL COST							
Concentrates		xxx	xx	xx	x	x	xxx
Sugar		xx	x	xx	xx	x	xx
Carbon		xxx	xx	xxx	xx	xx	xx
Water		xxx	xxx	xxx	xxx	xx	xx
		xxxx	xxx	xxx	xxx	xx	xxx
DIRECT LABOUR COST							
Basic		xxx	xx	xxx	xx	xx	xx
Incentives		xxx	xx	xx	xx	xx	xx
Overtime		xxx	xx	xx	xx	xx	xx
Bonus		xxx	xx	xx	xx	xx	xx
Awards		xx	xx	xx	xx	xx	xx
		xxx	xx	xx	xx	xx	xx
VARIABLE OVERHEAD COST							
Bottle Washing Chemicals		x	x	x	x	x	xx
Bottle Breakages (in-plant)		x	x	x	x	x	xx
Fuel (Boiler)		x	x	x	x	x	xx
Power		x	x	x	x	x	xx
Water - (Bottle washing)		x	x	x	x	x	xx
Sundry Supplies		x	x	x	x	x	xx
Crown Corks		x	x	x	x	x	xx
TOTAL VARIABLE COST		xx	xx	xx	xx	xx	xx
FIXED FACTORY OVERHEADS ABSORBED		xx	xx	xx	xx	xx	xx
TOTAL COST OF PRODUCTION		xxx	xxx	xxx	xxx	xx	xxxxxx
							xxxxxx

APPENDIX 17 CONTD.

BREAKDOWN OF FIXED FACTORY OVERHEADS **MONTH ENDING .... 19...**

	U. SHILLINGS
. <u>INDIRECT LABOUR COSTS</u>	
Indirect Labour Wages	xxxxxxx
Indirect Staff Salariess	xxxxxxx
Indirect Labour Overtime	xxxxxxx
Indirect Labour Incentives	xxxxxxx
Indirect Labour Bonus	xxxxxxx
Indirect Labour Awards	xxxxxxx
	-------
	xxxxxxx
. <u>WELFARE AND MEDICALS</u>	-------
Staff Entertainment	xxxxxxx
Medical Benefits	xxxxxxx
Staff Uniforms	xxxxxxx
Staff Rent	xxxxxxx
Hired Transport	xxxxxxx
Leave Pay	xxxxxxx
Rations/Lunch	xxxxxxx
Housing Allowance	xxxxxxx
Welfare Subsidy	xxxxxxx
Transport Allowance	xxxxxxx
Entertainment Allowance	xxxxxxx
Hotel and Travelling	xxxxxxx
	-------
	xxxxxxx
. <u>MAINTENANCE</u>	-------
Building	xxxxxxx
Plant Maintenance	xxxxxxx
Office Equipment Maintenance	xxxxxxx
Hired Security	xxxxxxx
Forklift Maintenance/Intra Factory Transport	xxxxxxx
Rent/Rates	xxxxxxx
	-------
	xxxxxxx
. <u>DEPRECIATION</u>	-------
Building	xxxxxxx
Plant and Machinery	xxxxxxx
Loose Plant Tools	xxxxxxx
Motor Vehicles	xxxxxxx
Furniture, Equipment and Fixtures	xxxxxxx

TOTAL FIXED FACTORY OVERHEAD	**XXXXXXX**
	=======

APPENDIX 18

LAKE VICTORIA BOTTLING COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE MONTH ENDED .... (IN U.SHS '000 + 1 DEC)

SIGNED: C/A | GM

	ACTUAL MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH	LAST YEAR SAME MONTH	CUMM ACTUAL TO DATE	BUDGETED CUMM TO DATE	CUMM VARIANCE
GROSS SALES	XXXX	XXX	XXX	XXX	XXX	XXXX	XXXX
DEDUCT - SALES TAX	XX	X	X	X	X	X	X
- EXCISE DUTY	XX	X	X	X	X	X	X
NET SALES	XXX	XX	XX	XX	X	X	XX
LESS: COST OF SALES	XX	X	X	X	X	X	X
GROSS PROFIT	XX	X	XX	XX	X	XX	XX
DEDUCT: SELLING GENERAL & ADMIN. EXP.							
Marketing and Sales							
Publicity and Adverts							
Staff Salaries and Benefits							
Staff Entertainment							
Medical Benefits							
Hired Transportation							
Leave Pay							
Housing Allowance							
Hotel and Travelling							
Transport Allowance							
Entertainment Allowance							
Vehicle Depreciation							
Furniture, Equipment and Fixtures Depreciation							
Building Depreciation							
Rent and Rates							
Stationery							
Building Maintenance							
Hired Security							
SUB-TOTAL	XX	XX	XX	XX	XX	XX	XX

	ACTUAL MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH	LAST YEAR SAME MONTH	CUMM ACTUAL TO DATE	BUDGETED CUMM TO DATE	CUMM VARIANCE
ACCOUNTING AND FINANCE							
Staff Salary							
Staff Entertainment							
Medical Benefits							
Hired Transportation							
Leave Pay							
Staff Pension							
Housing Allowance							
Transport Allowance							
Entertainment Allowance							
Hotel and Travelling							
Furniture, Eqpt. and Fixtures Depr.							
Stationery							
Bank Charges							
Interest on O/D							
Interest on Loan							
SUB-TOTAL	x	x	x	x	x	x	x
ADMINISTRATION							
General							
Directors Fees							
Directors Remuneration							
Directors Other Expenses							
Staff Salaries							
Staff Rent							
Staff Pension							
Leave Pay							
Office Stationery							
Rations/Lunch							
Housing Allowance							
Transport Allowance							
Entertainment Allowance							
Hotel and Travelling							
Building Maintenance							
Office Equipment Maintenance							
Hired Security							
Rent/Rates							
Depreciation - Building							
Depreciation - Motor Vehicles							
Depreciation - Furn., Eqpt., Fixtures							
Legal and Professional Fees							
Audit Fees							
SUB-TOTAL							

	ACTUAL MONTH	BUDGETED THIS MONTH	VARIANCE FOR THE MONTH	LAST YEAR SAME MONTH	CUMM ACTUAL TO DATE	BUDGETED CUMM TO DATE	CUMM VARIANCE
PERSONNEL							
Staff Salaries							
Staff Pension							
Staff Entertainment							
Medical Benefits							
Staff Uniforms							
Hired Transportation							
Leave Pay							
Housing Allowance							
Welfare Subsidy							
Transport Allowance							
Entertainment Allowance							
Hotel and Travelling							
Stationery							
Training and Tuition							
SUB-TOTAL	x	x	x	x	x	x	x
AUDIT							
Staff Salaries							
Staff Pension							
Leave Pay							
Housing Allowance							
Transport Allowance							
Entertainment Allowance							
Hotel and Travelling							
Stationery							
SUB-TOTAL	x	x	x	x	x	x	x
GRAND TOTAL EXPENSES	x	x	x	x	x	x	x
NET PROFIT/(LOSS) BEFORE TAX	x	x	x	x	x	x	x
TAXATION	x	x	x	x	x	x	x
NET PROFIT/(LOSS) AFTER TAX	x	x	x	x	x	x	x

APPENDIX 19

WEEKLY CASH BUDGET

WEEK ENDING ....

PREVIOUS WEEK ENDED .... ACTUALS		MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	COMMENTS:
	INFLOWS:						
	TOTAL						
	OUTFLOWS:						
	TOTAL						
	Net Cash Flow						
	Open Bal. (O/D)						
	Clo. Bal. (O/D)						
	Closing Details						

APPENDIX 20

MONTHLY CASH BUDGET

MONTH ENDING ....

PREVIOUS WEEK ENDED .... ACTUALS		WEEK 1	WEEK 2	WEEK 3	WEEK 4	COMMENTS:
	INFLOWS:					
	TOTAL					
	OUTFLOWS:					
	TOTAL					
	Open Bal. (O/D)					
	Clo. Bal. (O/D)					
	Closing Details					

APPENDIX 21

QUARTERLY CASH BUDGET

QUARTER ENDING ....

PREVIOUS QTR. ENDED .... ACTUALS		MONTH 1	MONTH 2	MONTH 3	C O M M E N T S :
	INFLOWS:				
	TOTAL				
	OUTFLOWS:				
	TOTAL				
	Net Cash Flow				
	Open Bal. (O/D)				
	Clo. Bal. (O/D)				
	Closing Details				

APPENDIX 22

YEARLY CASH BUDGET

YEAR ENDING ....

PREVIOUS YEAR ENDING .... (ACTUALS)				USHS '000	CURRENT YEAR ENDING			
QTR. 1	QTR. 2	QTR. 3	QTR. 4		QTR. 1	QTR. 2	QTR. 3	QTR. 4
				INFLOWS:				
				TOTAL				
				OUTFLOWS:				
				TOTAL				
				Net Cash Flow				
				Opening Balance (O/D)				
				Closing Balance/(O/D)				
				Closing Details Cash				

COMMENTS:

APPENDIX 23

LAKE VICTORIA BOTTLING COMPANY LIMITED
MANUFACTURING AND TRADING ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1990

		SHS.	1989 SHS. (000)
SALES		5,819,432,637	3,513,455
Deduct - Sales Tax	2,460,702,731		1,713,284
- Excise Duty	528,576,051		294,339
		2,989,278,782	2,007,623
		2,830,153,855	1,505,832
Deduct Production Costs, Production Materials and Direct Wages			
Direct Materials		1,084,512,469	352,859
Direct Wages and Benefits		29,047,129	22,064
Other Direct Expenses		59,096,688	39,645
		1,172,656,286	414,568
Production Expenses			
Consumables and Indirect Materials		11,824,860	6,495
Machinery Maintenance		26,882,408	22,711
Salaries and Benefits		29,990,065	25,996
General Factory Repairs and Maintenance		32,336,276	20,999
Motor Vehicle Maintenance		23,513,101	17,392
Rent - Stores and Plant		1,790,660	2,903
Bottle Breakages in Plant		10,808,395	12,298
Miscellaneous Factory Expenses		1,355,200	-
Damaged Stocks Written Off		1,479,200	-
Obsolete Bottles Written Off		7,786,725	-
Depreciation -			
. Industrial Land and Buildings		38,546,007	10,273
. Plant and Machinery		67,597,949	33,186
. Loose Plant and Tools		676,263	686
. Forklift Trucks and Pallets		5,440,633	1,887
. Motor Vehicles		8,111,494	7,215
		268,139,236	162,041
Total Production Costs		1,440,795,522	576,609
Less: Closing Stock		25,261,048	-
Cost of Goods Sold		1,415,534,474	576,609
Gross Profit for the Year	Shs.	1,414,619,381	929,223

PART VIII: MARKETING REPORT ON LAKE VICTORIA BOTTLING COMPANY LIMITED

CHAPTER 23.0. INTRODUCTION

MARKETING REPORT ON EAST AFRICAN DISTILLERIES LIMITED

23.0. INTRODUCTION

23.1. Background

23.1.1. This report covers all activities performed by the **IMAS** Marketing Consultant during in-plant training of staff in the Marketing Department of **Lake Victoria Bottling Company** *(LVBC)*, both as a group and individually, in the period August 22, 1991 to September 13, 1991.

23.1.2. Before the training began, the **IMAS** team leader conducted preliminary studies to identify areas in the Department's sales and marketing activities where the training would have the most impact in terms of improving performance of the Department.

23.2. Programme Aims and Scope

23.2.1. The aims of the **IMAS** Technical Assistance in the areas of sales and marketing were :-

1) to develop in the Marketing and Sales Staff the ability to recognize marketing problems and opportunities whenever they appear in their operations; to analyze the cause of a problem and find the most cost-effective solution to it as well as take advantage of opportunities whenever possible.

2) to establish a sense of accountability in **LVBC** depot personnel.

23.3. Acknowledgement

23.3.1. **IMAS** wishes to express its great appreciation to the Management and Staff of **LVBC** for the co-operation they provided during the in-plant training programme. Special thanks go to ***Mr. N. Kayonga***, the General Manager, ***Mr. Peter Wamala***, the Marketing Manager and his two assistants *Messrs.* ***Mike Oyo and Fred Munanura***, for the logistical and other support they provided to make the several field trips and other working visits to customers' shops successful.

23.4. Programme Objectives

23.4.1. It was expected that by the end of the programme the Marketing Manager and his Sales Staff would be able to do the following:

23.4.2. Organize the Department into Sections that will:-

- *be able to respond quickly to changes in the market environment*
- *have specific job descriptions*
- *have officers who will work to achieve targets*
- *co-ordinate marketing activities for effectiveness.*

23.4.3. Develop a distribution system that will:-

- *provide balanced distribution*
- *maximize sales*
- *minimize the cost of distributing products*
- *ensure uninterrupted distribution*
- *make products available in all regions.*

23.4.4. Undertake research activities that will:-

- *help with the selection of target markets*
- *assist with the development of new products*
- *help to identify markets for new products*
- *review and recommend change of quality and packaging of products*
- *determine and place adverts in target markets.*

23.4.5. Pursue product policies that will:-

- *offer a balanced product mix.*
- *ensure that products in demand are available.*

23.4.6. Develop pricing policies that will:-

- *ensure that the Company's products are affordable.*
- *differentiate prices for the different market segments.*
- *persuade customers to buy the company's products.*

CHAPTER 24.0. SUMMARY OF RECOMMENDATIONS

24.0. SUMMARY OF RECOMMENDATIONS

24.1. Lack of Adequate Materials and Logistic Support

24.1.1. Trucks must be hired for the depots wherever they lack them.

24.1.2. Radio communication equipment must be used in addition to telephone facility.

24.1.3. Petty Cash float must be defined and be made adequate to support depot operations at all times. The imprest system must be strictly followed.

24.1.4. Money counting machines must be acquired for use by depots dealing in millions of cash.

24.1.5. Adequate supply of products at depots at all times must be ensured through a system of perpetual inventory control and depot feedback for replenishment of stock.

24.2. Lack of Qualified Depot Management and Sales Supervisory Personnel

24.2.1. Total overhaul of the marketing and sales force.

24.2.2. Sales proceeds should be paid intact to the bank.

24.3. Lack of Clear Cut Policies

24.3.1. Bottles should be issued out to customers at a clearly stipulated hiring fee, which should be adjusted annually.

24.3.2. Authority limits must be fixed for the Sales Officer and Depot Supervisors to guide them whenever the need arises for credit sales to be made.

24.3.3. Depots should be made to serve agents and not retailers.

24.3.4. The Marketing Manager must arrange for all depot books to be checked on regular basis.

24.3.5. The Marketing Manager must give guidelines to depot Supervisors regarding the employment of extra hands.

24.4. Incentives

24.4.1. A productivity incentive package for Salesmen must be formulated and implemented during the plan period and beyond.

24.4.2. Earned allowances must be paid in time.

24.5. Proposed Structure

24.5.1. The proposed departmental organization structure as shown in Appendix 1 is recommended.

24.5.2. An Officer in the Personnel Department should be designated to handle manpower and training.

24.5.3. The services of management consultants should be used to identify the training needs of staff in the Sales and Marketing Department.

24.6. **Distribution**

The present method of distribution of some of **LVBC** products through depots should be continued.

The number of **LVBC** depots should be maintained at the present level provided financial discipline will be observed by Depot personnel and regular supplies of products to the depots made at the right prices by the Company.

24.7. **Marketing Research**

24.7.1. A research unit should be introduced in the Company to conduct studies into **LVBC** products and their possible innovation, potential demand, prices, and behaviour of consumers as well as competitors.

CHAPTER 25.0. SYSTEMS REVIEW AND DEVELOPMENT

25.0. SYSTEMS REVIEW AND DEVELOPMENT

25.1. Review Methodology

25.1.1. Operational information considered crucial and relevant for achieving the aims and objectives of the programme were obtained through personal interviews, observations and discussions.

25.1.2. The Marketing Manager, the Marketing Officer and the Sales Supervisors at the Head Office were fully engaged with the Marketing Specialist throughout the periods during which discussions on problems and workshops were held.

25.1.3. The Marketing Manager and the Marketing Officer accompanied the Marketing Specialist to conduct interviews with Depot Supervisors, some agents and customers of **LVBC**.

25.1.4. On several occasions, personnel from **PIES** joined in the workshops and interviews with Depot Supervisors and workers.

25.1.5. The broad spectrum of areas covered during the review of **LVBC** operations included the following:-

- *Depot Operations*
- *Incentives to Salesmen*
- *Distribution Methods*
- *Agency Operations*

25.2. Depot Mismanagement

25.2.1. In keeping with the government's policy of ensuring fair distribution of **LVBC** products throughout the country, **LVBC** introduced the depot system as a distribution channel in addition to other distribution channels such as route sales and sales through agents.

25.2.2. It was anticipated that the addition of depots would afford a useful distribution channel mix. The goals of the depot system therefore were defined to include the following:-

1) A control of the distribution of LVBC products to ensure their availability in all regions of the country.
2) Sale of the products at prices affordable to consumers at all times.
3) Provision of local sources of supplies to agents scattered regionally.
4) Provision of a central source of facilitating data collection for analysis.

25.2.3. Abundant evidence revealed during the study of the operations, indicated that the depots were so poorly managed that the desired goals could not be achieved. What is worse is the fact that the depot system has, in the past, rather compounded the problems faced by **LVBC** in the distribution of its products.

25.2.4. Empirical evidence pertaining to distribution channels for **LVBC** products shows that depots accounted for only 17% of the total sales between January and June 1991.

25.2.5. Table 25a gives details of distribution channel mix, sales volumes and the percentage distribution of **LVBC** products.

TABLE 25a

Distribution Channel	Sales Volume (In Cases)	% of Total
Routes	669,713	59.1
Agents	269,026	23.8
Depots	193,798	17.1
TOTAL	**1,132,537**	**100.0**

25.2.6. Historically, the depots have not lived up to expectation since their introduction. Factors which have been identified as the main causes of the low performance of the depots are attributable to:

a) lack of adequate materials and logistical support
b) lack of qualified management and sales supervisory personnel
c) lack of research
d) lack of clearly defined policy guidelines for operations
e) lack of operational controls.

25.2.7. In evaluating the above factors, the following relevant details have been considered:-

25.2.8. *Lack of Adequate Materials and Logistic Support:* Effective performance of **LVBC** depots demands a dynamic system of the depot management.

In order for finished goods to be efficiently distributed the road network linking the distribution centres must be motorable all year round.

At the time of the **IMAS** study, a greater part of the road network system was bad owing to lack of maintenance in the past during the war period.

Besides, the Company lacks adequate transport facility beyond the Kampala area.

Communication between the depots and the marketing head office was non existent.

In view of the foregoing factors, it would have been ideal if the depots were allowed to operate with sufficient petty cash funds. Yet this was also lacking.

In modern times, money counting machines have been introduced to facilitate cash counts and detection of fake notes. Inspite of persistent requests to management to supply this equipment to depots dealing in millions of Uganda Shillings, the Cashiers at these depots continue to count money manually.

Furthermore, persistent shortage of bottles at the depots has in the past tended to ward off existing and potential customers and continues to do so.

In the opinion of the Consultants, all the above listed shortcomings which result in lack of effective logistical support are manageable. They can be controlled and avoided provided the right resource personnel are engaged to man the Marketing/Sales outfit.

On the otherhand, lack of action on the part of management towards eliminating these identified causes or at least mitigating their effects on depot performances will sooner than later negate the cherished goals in setting up the depots.

Accordingly, the Consultants recommend the following:-

a) *Trucks must be hired for the depots where they lack them.*

b) *Wireless communication equipment must be used in addition to telephone facility.*

c) *Petty cash float must be defined and be made adequate to support operations at all times. The imprest system must be strictly followed.*

d) *Money counting machines must be acquired for use by depots dealing in miliions of cash.*

e) *Adequate supply of products at Depots at all times must be ensured through a system of perpetual inventory control and depot feedback for replenishment of stock.*

25.2.9. *Lack of Qualified Management and Sales Supervisory Personnel*

In these times of active competition, ultimate knowledge of the market for **LVBC** products coupled with continuous analytical assessment is considered essential. The ability to react to market symptoms and be able to identify imbalances in the marketing mix as and when they occur obviously calls for knowledge of marketing and conceptual appreciation of the behaviour of the market in a competitive environment.

The presence of the above traits within the embodiment of every marketing and sales force should be capable of guaranteeing the success of its company's objectives. In the case of **LVBC**, the presence of or the lack of them really means a lot in terms of the anticipated targets of cases of products to be sold of 2,718,135; 2,992,000; 3,256,000; 3,520,000; 3,784,000 for the respective years in the period 1992 to 1996.

Unfortunately, LVBC marketing and sales outfit woefully failed to exhibit the traits identified above, as the following were revealed in the course of the review operations.

a) Low level personnel at the depots who lack direction.
b) Lack of knowledge in both sales and administration.
c) Lack of motivation in Salesmen.
d) Marketing Manager does not check depot sales books.
e) Sales proceeds are not paid intact to the bank by depot personnel. Instead, part is used for private purposes.
f) Depot personnel failed to declare the right amount collected.

The lack of resourcefulness in the present marketing and sales force will no doubt adversely affect the achievement of the targets set if due care is not taken in time to address the malaise.

To this end, any step should include a total overhaul of the marketing force. In addition, it should be stipulated that with immediate effect, sales proceeds should be paid intact to the Bank.

25.2.10. *Lack of Research*

In Section 25.6. of this report, mention was made of the effects of lack of research in relation to depots.

Market research if properly developed in the Company in accordance with the Consultants recommendations, will serve not only as a focal point for management information but also as an antenna for analytical assessment of management's own actions or intended actions in linking past and future marketing objectives and strategies.

25.2.11. ***Lack of Clearly Defined Policy Guidelines for Operations***

In the course of the review of the depot operations, it was discovered that, whereas some Depot Supervisors lend bottles to customers others sell them at only 50 Ush per bottle. Secondly, some Depot Supervisors sell on credit without authority. Some Depot Supervisors also employ extra hands at random.

Again, no basis exists as to how much should be sold out at a time to customers who make purchases at the depot.

Furthermore, some Salesmen use sales money for their operations without proper accounting. Infact, some pocket the money with impunity.

It must be emphasized that no organization can operate efficiently without definitive operational policies.

In the opinion of the Consultants, **LVBC** would have performed better if clear cut policies had been in place at the depots. It is therefore recommended as follows:

a) *That bottles be issued out to customers at clearly stipulated deposit rates which should be adjusted annually.*

b) *That authority limits must be fixed for the Sales Officer and the Depot Supervisors whenever the need arises for credit sales to be made.*

c) *Depots should be made to serve agents and not retailers.*

d) *Marketing Manager must give guidelines to depot Sales Supervisors regarding the employment of extra hands for depot operations.*

25.2.12. *Lack of Operational Controls*

The absence of clear-cut policies, methods or procedures for doing things leads to haphazard operations and lack of direction.

Naturally, controls of operations will not be facilitated in a situation where there is no sense of direction and responsibility.

As was revealed in the course of the operational review, opportunities are created for embezzlement of cash or goods due mainly to lack of policies. For example, payment of earned allowances for overtime and out-of-station due to Depot Supervisors and Salesmen have often been delayed for as long as over five months without much complaint from the affected beneficiaries while equivalent amount or multiples thereof have been embezzled by the Depot Supervisors and Salesmen without much criticism from the Management.

This has been so because of lack of accounting and administrative controls for the depot operations resulting from lack of clear cut policies.

25.3. Incentives

It is an undeniable fact that incentive schemes in work places generally boost morale and increase productivity. At **LVBC** in particular, appropriate incentive schemes can boost sales performance. Yet, in this Company the converse exists.

Identified disincentives revealed in the course of the operational review include the following:

(a) Payment of depot wages, salaries, allowances and welfare subsidies as well as petty cash replenishments are unduly delayed for no justifiable reason. For example, as at 26th August, the salaries and allowances for July of the depot staff at Jinja had not been paid.

In consultation with the financial consultant, this issue of delays was thoroughly investigated. As a result of this investigation and at the instance of the Consultants, a circular was prepared by the Chief Accountant on 30th August, 1991 and dispatched to all Depot Supervisors through the Marketing Manager. *(Appendix 2 refers)*.

(b) Evidently, opportunities are created at the depots for the embezzlement of cash sales proceeds. Almost all cases of embezzlement noted in the course of the review have been caused at the depots. Several cases which came to light involved Salesmen four of whom have already left the employment of the Company in the 6 months before this exercise, leaving huge sums of money unaccounted for.

In the view of the Consultants, the incidence of embezzlement is partly due to the delay on the part of management to remit funds to out-station staff who happen to hold cash sales proceeds.

The embezzlement and management's failure to recognize the efforts of the Salesmen at the depots so as to pay them the claims punctually, naturally creates displeasure on the part of management on one hand, and discontent on the part of the employees. Consequently, employee morale is dampened and productivity lowered.

In the course of the medium term, 1992 to 1996, the task set for the company's sales force is enormous; an increase from its present level of 1,271,385 cases to 3,784,000 cases is by no means a target which can be achieved without adequate incentives.

In the light of the foregoing, the Consultants recommend the formulation of a productivity incentive package for the Salesmen during the Plan Period and beyond.

Such package should be formulated with the aim of inspiring the Salesmen to achieve above average performance.

Delay in the payment of earned allowances must cease forthwith.

25.4. Proposed Structure

The proposed structure of **LVBC** Marketing Department, *(Appendix 1)* which is similar to that of the existing structure shown in *Appendix 1a*, highlights the details which provides new positions for Marketing Services Officer, Research Assistant, Sales Supervisor *(Upcountry)*, Sales Supervisor *(Kampala and Outskirts)*, Sales Supervisor *(Central Region)*, Finished Goods Store Supervisor as well as Empties Supervisor.

This proposed structure is considered ideal for providing the coordinated force in support of the marketing programmes anticipated for the medium term 1992 to 1996.

In the opinion of the Consultants, positions within the structure per se do not mean much. What is important is management's recognition of the need to fill these positions with adequately qualified personnel whose contribution to the marketing efforts would show positive results.

In section 25.2.9. of this report, reference was made to the poor calibre of present manpower at the depots and the resultant relative low performance. In this connection, it is pertinent to mention that productivity, in the Marketing Department can never be increased if the human element is not accorded the appropriate recognition in management decision making.

Accordingly, under the proposed structure for Personnel Department, an Officer has been designated to handle manpower and training which function encompasses Salesmen's development.

In the development of Salesmen, a critical variable which is worthy of consideration by top management is the identification of training needs for the personnel of the Marketing Department including that of the Marketing Manager and the Depot Supervisors.

There is therefore the need to strengthen the Department through appropriate training courses using the services of Management Consultants.

25.5. Distribution

The present distribution activity of **LVBC** tends to jeopardise the desired objective of the marketing function, which is realizable only when there is a an optimum distribution channel mix.

This will mean that the goods reach the customers at affordable prices in the right condition and quality and at the same time at the highest possible convenience to the customer.

The effect of the distribution activity of **LVBC**, as was revealed in our operational review, tends to ward off present and potential customers through the creation of imbalance in the marketing mix being caused by wrong pricing decisions.

So far, the statistics available indicate that the depot performance has not been encouraging. Yet the management has always tried to justify the running of the depots.

The main thrust of Management's argument for the running of the depot is the distribution of the products to consumers at prices lower than that of competitors and agents.

In the past, the agents have tried to sell the products at prohibitive prices thus preventing the desired consumption level of the products. Therefore, the idea of the Company's direct distribution service was not only to check that adverse trend caused by the agents but also to ensure that the products reached the customers at rock bottom prices.

Unfortunately, the real market situation depicts a different picture. As a result of a defeatist pricing objective the Company's products through its own direct distribution channel now reach the customers at prices higher than the Company's own agents are offering.

This situation partly explains why the distribution through depots is not doing well compared with the other two channels.

In addition to the foregoing, two major limiting factors plaguing the distribution activity have been identified. These are:

i) Inadequate transport vehicles for the products from Head Office to Depots and from Depots to customers.
ii) Insufficient financial support for the depot operations.

Unlike the Head Office, the vehicle situation is counter productive. With the supply of right kind of vehicles at the right time, products can be transported in right quantities to the right market at the right times.

In the past, as at present, vehicles have been hired to transport products where the Company could not afford its own. The popular type of vehicles normally hired include pick-up, trucks and trailers.

The loading capacities of these vehicles range from 150 to 1500 cases. But at the depots outside Kampala, with the exception of Jinja which has a truck, pick- ups are being used. The capacity of the pick-up is only 150 cases.

The targets for the depots range between 7000 to 12000 cases per month. Head Office hires trucks with or without trailers to the depots *(upcountry)*. But the volume of supplies to the depots leave much to be desired.

Whereas Mbarara depot has a target of 10,000 cases per month, it sometimes receives less than half this target. As at 29th August 1991 for example, the statistics of the total supplies received at Mbarara depot were:

8th August	-	*1500*
20th August	-	*1500*
29th August	-	*1500*

a total of 4,500 Cases.

Consequently, Mbarara could not meet its demand for the products and customers obviously will have to turn to competing products.

It is also important to mention that even where Mbarara receives its full target of 10000 cases per month, Mbarara does not meet the demand of its customers because of the low capacity of 150 cases for the pick-up available for its distribution.

Lack of financial support in sufficient doses is a condition which tends to aggravate the problems of the depots. In consultation with the financial consultant, this problem has been traced to the lack of proper financial planning. This is not all. There is a serious lack of financial discipline and control in the entire depot operation.

In section 25.2.11. of this report, reference was made to wanton dissipation of Company funds by depot staff.

The foregoing situation in the depots needs to be addressed by management as a matter of urgency if the Company should continue to operate this third channel of distributing its products.

In the view of the Consultants, the scale of cost/benefit analysis in the depot operation appears to turn in favour of continued operation but without any further expansion of the number of depots provided that strict financial discipline will be observed coupled with regular supplies at the right prices.

25.6. Marketing Research

The importance of research in industry and commerce have in recent times engaged the attention of serious management. In the soft drinks industry in which **LVBC** operates, the need for research activities becomes even more imperative in view of the intense competitiveness that characterises the dynamic environment.

Yet, it became crystal clear in the course of the operational review that this all important marketing activity has never before been introduced.

In the view of the Consultants, the main cause of this total lack of research for all these years since the government took over has been the absence of a marketing function. Consequently, past and present operatives operated without the appropriate marketing direction. The Consultants are however delighted to note the recent engagement of a Marketing Officer soon after the recruitment of the Marketing Manager.

It is important to note that the capability of **LVBC** to operate profitably in its present competitive environment depends largely on the flow of proper management information for marketing direction. What is proper is a question of fact depending on the circumstances of the market situation in the ever dynamic marketing environment.

To perform therefore, Management will need frequent market intelligence information timely produced. To this end, research activity should be seen as a distinct management tool to provide needed information for decision rules and marketing strategies on a continuous basis.

As a result of the previous lack of a market research activity, depots were randomly located resulting in the opening of depots at centres where there were little or no markets at all i.e. Guru and Mbale.

Several advantages will naturally accrue to the Company should the management seriously address this lack of research activity in the Company. This will include the ability of the Company to:-

a) estimate the potential demand for LVBC products in identified zones, districts, or provinces.
b) determine whether to buy or lease vehicles for transporting products.
c) determine whether to expand or contract the depot system.
d) estimate impact of sales activities.
e) determine the most efficient method of distribution.
f) determine how the competitor is operating.
g) determine how far the Company has been able to penetrate the market.

Effective operation of business systems depends on the effective formulation of business policies. For example, should the product be sold through agents or through depots or through direct routes and what are the cost/benefit analysis.

The pricing of the products affects customer demand. The formulation of a realistic pricing policy can go a long way towards guaranteeing sustainable profit for the Company.

The foregoing and many more should concern management and should be the responsibility of the research function.

The introduction of a research unit in the company is recommended. Under the Proposed Organization Chart of the Marketing Department, *Appendix 1,* position has therefore been created for a Research Assistant.

CHAPTER 26.0. SYSTEMS IMPLEMENTATION

26.0. SYSTEM IMPLEMENTATION

26.1. Provision of Materials and Logistic Support

26.1.1. Hiring trucks for needy depots was an issue being critically discussed by the Management by the end of Consultant's assignment. Consequently, management had provided Masaka Depot with a truck at the time of Consultant's departure.

26.1.2. With regard to the recommended operation of petty cash float, all Depot Supervisors had been requested to submit their requirements for supply. At the completion of the assignment, Masaka and Jinja Depots had presented their requirements for consideration.

26.1.3. Money counting machines had been acquired for Jinja Depot. Other depots such as Masaka and Mbarara were also expected to be supplied soon.

26.2. Incentives

26.2.1. All delays with respect to payment of allowances earned by depot staff were in the process of being eliminated. The intensions of Management with regard to this issue were quite explicit as evidenced by the Chief Account's letter to all Depot Supervisors *(Appendix 2)*. However, full implementation had not commenced before the completion of the Consultant's assignment.

26.3. Proposed Structure

26.3.1. Although the idea to appoint someone in the Personnel Department for manpower and training has been accepted in principle by Management, no such substantive officer had been appointed by the completion of the Consultant's assignment.

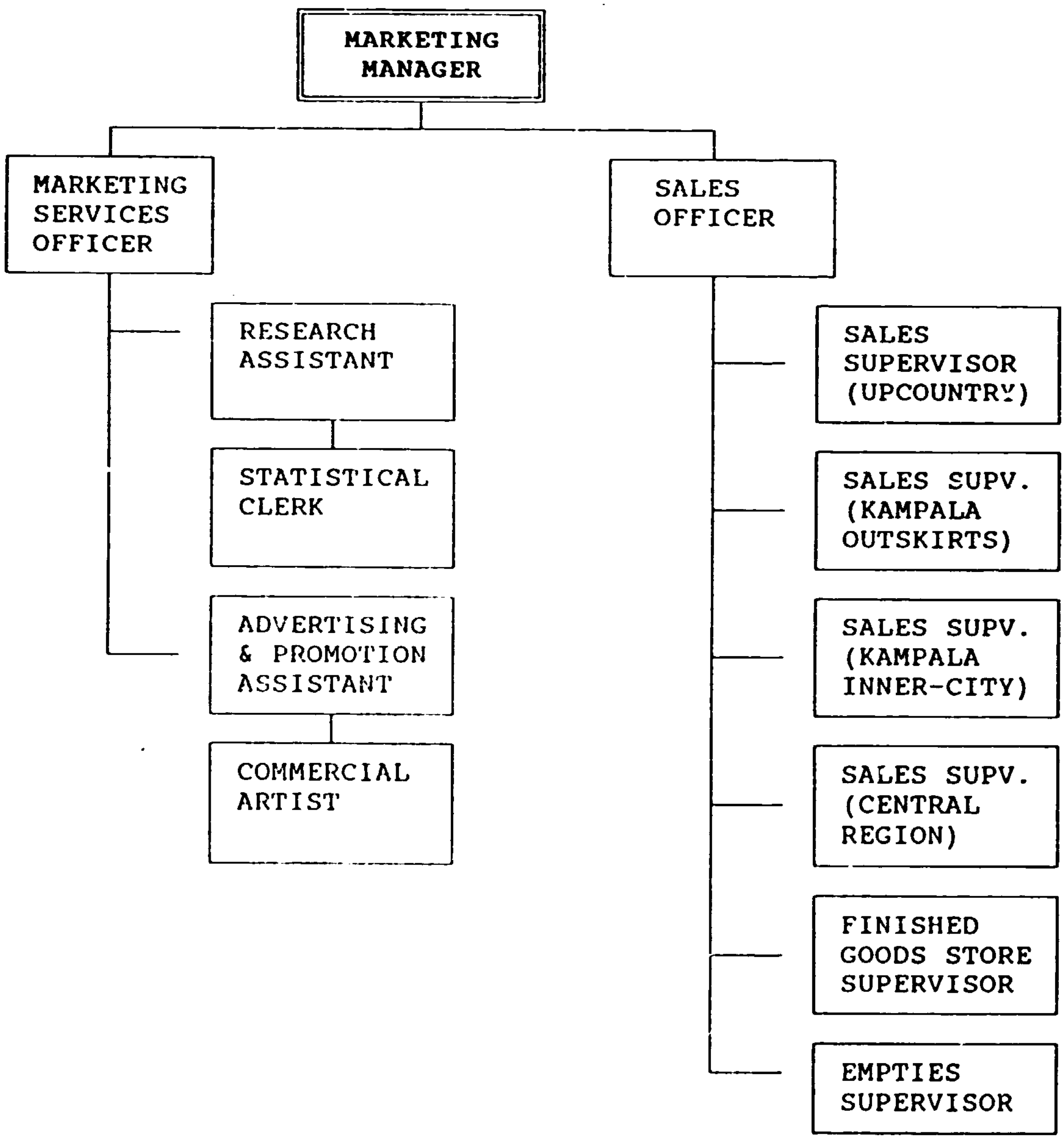
In addition, the proposed organization structure of the Marketing Department had also been fully discussed and accepted in principle.

26.4. Research

26.4.1. On three occasions, prior to the departure of the Consultant, the Consultant led the Marketing Manager to conduct a survey into the customers behaviour and the impact of competing products on LVBC's sales. The Consultant further charged the Marketing Department to continue with the exercise in order to keep management informed of the behaviour of market forces.

APPENDIX 1

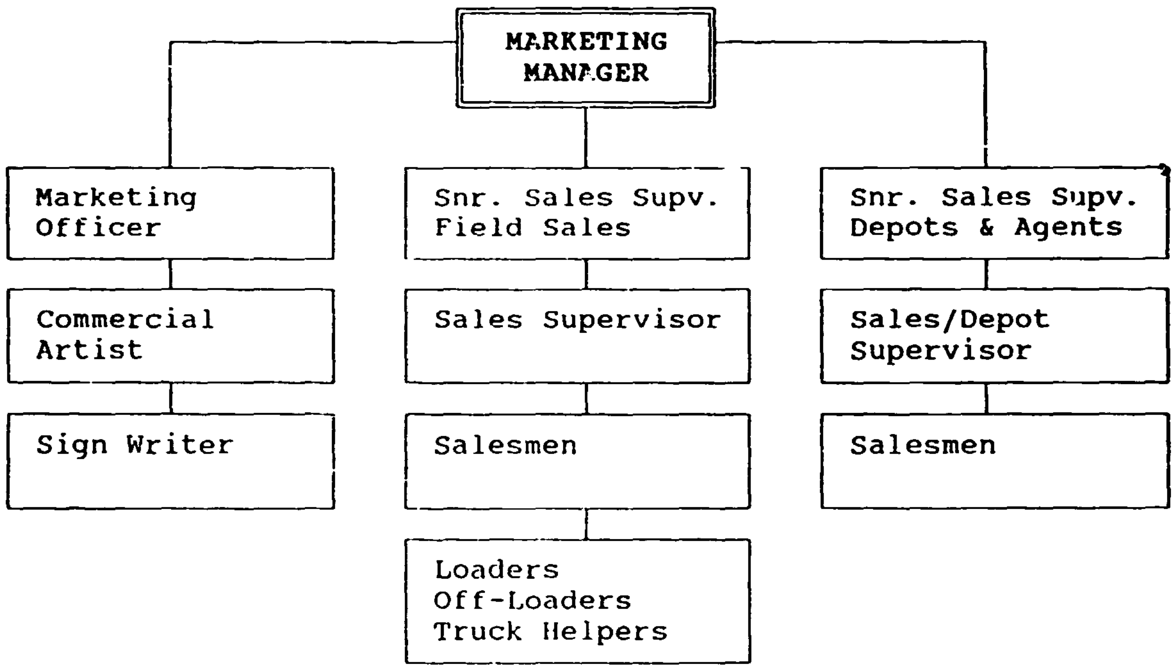
LAKE VICTORIA BOTTLING COMPANY LTD.
PROPOSED ORGANIZATION CHART OF MARKETING DEPT.



KEY: 1 - Additional staff report to this position

APPENDIX 1a

PRESENT STRUCTURE OF LVBC MARKETING DEPT.



APPENDIX 2

LAKE VICTORIA BOTTLING COMPANY LIMITED
PROMPT PAYMENT OF DEPOT WAGES, SALARIES, ALLOWANCES AND WELFARE SUBSIDIES

AC/50

TO	:	ALL DEPOT SUPERVISORS
FROM	:	CHIEF ACCOUNTANT
THRU	:	MARKETING MANAGER
DATE	:	30TH AUGUST 1991

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SUBJECT: PROMPT PAYMENT OF DEPOT WAGES, SALARIES, ALLOWANCES AND WELFARE SUBSIDIES

In order to streamline and expedite payments to Depots in respect of the above items, we wish to advise that the following instructions will be implemented and enforced by this Department:

1. Claims for Allowances

   Depot Supervisors will ensure that claims for any allowances are approved by the Marketing Manager and brought in person to the Financial Accountant (E).

   In order to minimise their stay at Head Office and cut costs, the Accounts Department will make sure cheques are written and issued the same day depot claims are presented.

   Depot Supervisors should notify the Chief Accountant in case of any inordinate delays.

2. Welfare Subsidies to Depot Staff

   As we advised earlier verbally, Welfare Subsidies for depot staff must be claimed in advance for one month. This means that, in the course of delivering the monthly returns for the previous month, Depot Supervisors should bring in claims for the next one month.

   As in the case with other claims, the Accounts Department will ensure that cheques are drawn and issued on the same day the approved claims are submitted to us. The Financial Accountant (E) will take note of this and ensure that depot claims are given maximum priority treatment.

APPENDIX 2 CONTD..

3. **Petty Cash Replenishments**
These documents will be delivered directly to the Financial Accountant (E) for checking. Again, everything will be done to ensure that as much as possible, cheques are drawn and issued on same day of presentation of documents and at any rate, not further than the next day.

4. **Depot Wages/Salaries**
This Department will ensure that cheques for Depot Salaries and Wages are ready by 30th of every month duly written in the names of respective Depot Supervisors. Supervisors should ensure that they report early to collect these payments at any rate by the date of presentation of their returns to Head Office.

5. **General**
In the case of cheque payments, all cheques will be issued in the names of respective Depot Supervisors for convenience. It is understood that all Depot Supervisors currently have arrangements whereby these cheques can be encashed at your respective stations on presentation.

Where such arrangements do not exist, please contact us so that we formally arrange them through UCB Head Office.

JACKSON OPWONYA
CHIEF ACCOUNTANT

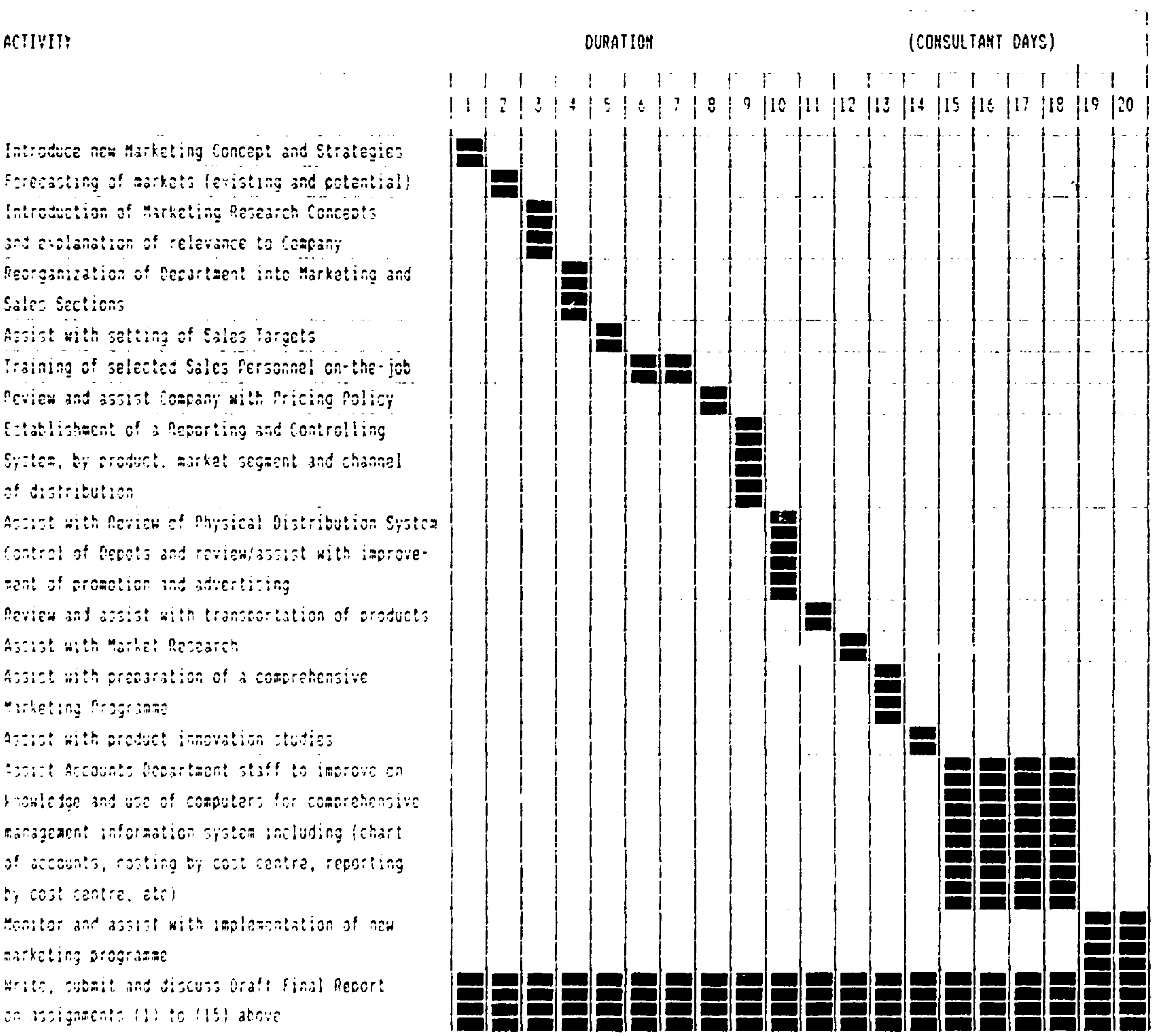
cc: Financial Accountant (E)
Cost Accountant

JO/eppy

APPENDIX 3

LAKE VICTORIA BOTTLING COMPANY LIMITED

PROGRAMME FOR MARKETING/SALES AND ELECTRONIC DATA PROCESSING SPECIALIST - 12TH AUGUST, 1991 TO 6TH SEPTEMBER, 1991



APPENDIX 4

LAKE VICTORIA BOTTLING COMPANY LTD.

MINUTES OF THE UNIDO WORKSHOPS HELD AT LAKE VICTORIA BOTTLING COMPANY NAKAWA PLANT

Led By : MARKETING CONSULTANT
Recorded By: MIKE OYO

The Marketing concept as the philosophy behind enterprises' marketing activities - that every marketing activity begins with the customer and ends with the customer hence the marketing concept is customer oriented.

The Marketing concept evolved through three phases:

1. *The Production Phase*
2. *Sales Phase*
3. *Marketing Phase because of competition.*

HOW TO IMPLEMENT THE MARKETING CONCEPT IN LAKE VICTORIA BOTTLING COMPANY

The Marketing Manager should ensure that the idea of a product comes out well, that Production Department must provide high quality products. The Marketing Manager should get all Heads of Department, ie. Accounts, Engineering, Production, the General Manager involved. The implementation of the marketing concept is difficult but is our duty to make it work. We should note that, world-wide, Coca-Cola is leading. In Uganda, Pepsi is leading and that is dangerous enough because Coke is seeing how Pepsi is doing things now and they will adopt better methods and strategies for performance.

SALES FORECAST

What is LVBC doing now and how best can we do it in the future, say between 1992 - 1995. We are operating in a dynamic environment. There are changes in technology, tastes, etc. So, we cannot sit in the present all the time, we must be able to predict the future. To predict the future, we use market forecasts.

APPENDIX 4 CONTD..

SETTING SALES FORECASTS FCR LAKE VICTORIA BOTTLING COMPANY LTD.

Let's assume that by 1991 we were operating at 62% of capacity utilization and that we shall progressively increase our market share by 6% every year for the next five years.

YEAR	% CAPACITY UTILIZATION	CASES (TO BE SOLD)
1992	62	2,728,000
1993	68	2,992,000
1994	74	3,256,000
1995	80	3,520,000
1996	86	3,784,000

TABLE A

SALES FORECAST BY YEAR AND BY BRAND FOR THE PERIOD 1992 - 1996

YEAR	PEPSI COLA 50%	MIRINDA 40%	TEEM 9%	EVERVESS 1%	TONIC 75% OF EVERVESS	CLUB SODA 1% OF EVERVESS SODA
1992	1,364,000	1,091,200	245,520	27,280	20,460	6,820
1993	1,496,000	1,196,800	269,280	29,920	22,440	7,480
1994	1,628,000	1,302,400	293,040	32,560	24,420	8,140
1995	1,760,000	1,408,000	316,000	35,200	26,400	8,800
1996	1,892,000	1,513,600	340,560	37,840	28,340	9,460

NOTE: The Sales Forecasts should be realistic.

APPENDIX 4 CONTD..

IMPORTANCE OF SALES FORECAST

1. PLANNING

   Once the Marketing Manager has made a realistic forecast, it shall help the Production Manager to quantify and schedule the materials he needs. He submits the list to the Finance Manager. The Finance Manager may discover that he does not have all the financial resources to buy the raw materials so he will arrange to borrow from the banks by drawing a realistic cash flow.
2. Sales forecasts can lead to proper planning of sales people incentives, sales promotion, etc.
3. Plan to maintain lead in market share.

SETTING SALES TARGETS YEARLY/DAILY

Assume 1992 annual sales shall be 2,728,000 cases.

Sales target per month $\dfrac{2,728,000}{12} = 227,337$

Sales target per day $\dfrac{227,337}{26} = 8,743$

We have taken a 26-day working month.

WHY SET SALES TARGETS

1. Sales target shall ensure sales people's commitment to rise to the occasion to meet and beat the target.
2. It helps us to estimate sales.
3. Helps generate sales as salesmen exert effort to meet targets.

PROBLEMS

1. Not all sales people have same capacity.
2. Not all products are sold in Kampala, in an urban environment.
3. Truck related problems eg. lack of tyres, fuel.
4. Lack of product mix at all times.
5. Inaccessible sales territories.
6. Sales people lack of selling experience.

APPENDIX 4 CONTD..

HOW TO ASSIST POOR PERFORMING SALES PEOPLE

1. Assign him to better performing and experienced sales person.
2. In-house training to improve performance.
3. Outside training.
4. Counselling.

RECORDS SO FAR KEPT IN MARKETING DEPARTMENT

1. Daily sales report indicates

   (a) Total load on truck
   (b) Number sold
   (c) Balance returned
   (d) Sales to agents - Kampala and Upcountry
   (e) Sales to depots.

2. Route cards for route customers.
3. Customer cards
4. Quarterly sales
5. Sales by route
6. Sales by individual sales person
7. Cumulative sales records by regions/or depots
8. Sales by outlets hotels/clubs/kiosks, etc.

The purpose of reviewing the records is to establish which ones we are keeping and which ones we should start keeping.

WHAT HELPS INCREASE SALES

- Price, quality, transport, advertising
- Promotion, income, manpower, channels of distribution, motivation of personnel, public relation, weather, assorted brands, service, sales incentives, proper recruitment and training of sales people, knowledge of the customer.

After listing the above, then a question arises. Which of the above is more important than the other? One participant suggested assorted brands. Then a question was asked, suppose we had assorted brands and held other factors constant, shall we be able to increase sales? It is important to develop research in order to understand how the market operates.

APPENDIX 4 CONTD..

TABLE B

SETTING SALES TARGETS BY TERRITORIES

	1	2	3	4	AVERAGE
F	92	95	75	70	83
K	90	57	82	45	68.5
J	73	75	40	51	59.75
M	60	30	51	75	54
Estimate Average	58.5	64.25	62	60.25	

Given four territories (1, 2, 3, and 4) and 4 salesmen (F, K, J and M), with sales in thousands of cases, as indicated.

A question arises: Which best combination do you choose to get best sales?

i) Fred shall be allocated territory - F2 - 95 units
ii) Kennedy shall be allocated territory - K1 - 90 units
iii) James shall be allocated territory - J3 - 40 units
iv) Mike shall be allocated territory - M4 - 75 units

----
300 units

$$\frac{300 \text{ units}}{4} = 75 \text{ units}$$

========

Note that there are twenty four ways to combine four salesmen and four territories. The idea of assigning salesmen territories is to get the best combination that will give the Marketing Manager the best sales.

APPENDIX 4 CONTD.

Suppose:	A.	Fred takes territory	1	- F1	=	92
		James takes territory	2	- J2	=	75
		Kennedy takes territory	3	- K3	=	82
						249
OR						
	B.	Fred takes territory	2	- F2	=	95
		James takes territory	1	- J1	=	73
		Kennedy takes territory	3	- K3	=	82
		Mike takes territory	4	- M4	=	75
						325

It can be observed that alternative B is better allocation of sales territory than A, because you realise more sales.

Best salesmen should always be sent to good territories in order to maximise sales. Attempt should always be made to know what actions sales people are taking to increase sales. If sales in a territory are declining, the reason could be that competition is more aggressive and hence having an upper hand in the market, ie. increasing their market share. On the other hand when sales are increasing in territories, it could indicate that we are effectively fighting competition and having an upper hand in the market.

ASSIGNMENT OF SALES TRUCKS

1. Lorries ie. trucks of 500 case capacity for long distance.
2. Pick-up trucks of 150-200 case capacity for town running.
3. Trailers for deliveries to depots.

HOW OFTEN DO WE DESPATCH TRUCKS TO DEPOTS?

1. 500 cases per day for six working days for Jinja depot.
2. Kasese depot, at least a trailer load of 1,500 cases every week to meet the targeted sales of 6,000 cases per month.

APPENDIX 4 CONTD..

3. Mbale depot with sales target of 7,500 cases, we despatch a trailer load of 1,500 cases five trucks in a month.

In order to arrive at optimal cost of transporting products to depot, we should calculate cost of fuel, loading expenses, cost of wear and tear ie. depreciation, allowances paid for the driver, off loading expenses at the depots, breakage, etc. This will enable us to determine the cost of transporting one case of product to depot.

USE OWN TRUCK OR HIRE

It was noted that, currently the Company hires a number of pick-ups to transport product in and around Kampala. A decision should be made whether to buy own trucks or continue hiring. It was observed that usually it is cheaper to hire than use own trucks although this practice deprives the Company chance to project its image because of loss of advertising opportunities on trucks.

Other observations made are that the hired trucks are regular, they rarely absent themselves due to break downs or lack of fuel.

PAYMENT SCENARIO FOR HIRED TRUCKS

- Owner of truck presents invoice after end of month.
- The Sales Clerks certify trucks performance as indicated on invoice.
- Marketing Manager approves invoice and forwards it to General Manager's office for authority of payment.
- When fuel is issued, Accounts forwards the invoice to Transport Section to certify quantity of fuel used by respective trucks.
- Audit Section for auditing purposes.
- Back to Accounts for processing of payment.

It was however observed that, on occasions, payments delay far too long and this has discouraged some transporters leading to withdrawal of their trucks without notice.

APPENDIX 4 CONTD..

MARKETING MANAGEMENT

Marketing Management is a process of planning, organizing, implementing and controlling marketing activities for purpose of bringing about exchanges effectively and efficiently.

Effective : *taking the right decision, doing the right thing.*

Efficient : *doing the right thing at minimum cost.*

Objectives: *consist of statements of what we want to do, the activities we want to accomplish. These could be routine, repeated or quite different objectives*

Strategy : *spells how we want to achieve the objectives. Strategy is the art of a General. Thus, strategy statements communicate the principles used in selecting or utilising various marketing techniques or devices hence we talk of product strategy, price strategy, marketing strategy, etc.*

Consider a football match between team A and team B. Both teams are strong. But team A sets objective to beat team B by three goals to nil in the first half of the game. They lay a strategy. Team A has a strong no. 7 and the opponents have a weak no. 3. So team A deploys a strong no. 7 with specific instructions to overwhelm no. 3 in the first half hour of play and score the required three goals. How team A sets out to beat them B is a strategy.

The Marketing Manager should select strategies and convince Management to adopt them. The Company should endeavour to do what customers want but at a profit. We should develop strategies for target market. Why was Jinja depot opened first, whereas Masaka is realising more sales than Jinja. Right from the outset, we should have known of the potentiality of Masaka market because the surrounding areas earn livelihood from coffee earning.

In Masaka depot, the Depot Supervisor said that he was realising sales because customers who want to buy 1-10 cases are not allowed to purchase from depot. They usually make purchases from stockists or agents in town. That in turn has encouraged agents/ stockists to buy more from the depot. If we establish that this strategy can work in most depots, why can we not adopt it as Company policy? The Company needs funds, so we should always adopt cost effective strategies.

APPENDIX 4 CONTD..

To that end, the Marketing Manager must instil the marketing concept in the Heads of Departments to get every one involved.

CONTROL OF WAREHOUSING

That Marketing Department should take care of finished goods. It should not be the task of Accounts or Production.

The Marketing concept starts with the onus of the Company, from the Board of Directors, the Company's Chief Executive, the highest level of the organization, and permeates through all levels of the organizations activities.

If the Marketing Department and the Marketing Manager is committed to the marketing concept, why not the whole organization?

CONSIDERATION FOR SELECTING TARGET MARKET

1. i. Cost
   ii. Profit
   iii. Sales

These constitute the bottom line of our business.

2. Does the Company/Firm have the resources to create the marketing mix needed for the target market?

3. Is it satisfying the need or is the target market consistent with the overall Company policy?

4. Consider the size of that market and the competitors who are already there.

CONSIDERATION FOR CREATING THE MARKETING MIX

1. The people in that market. Break them down into; Age, Income, Sex, Education Levels.

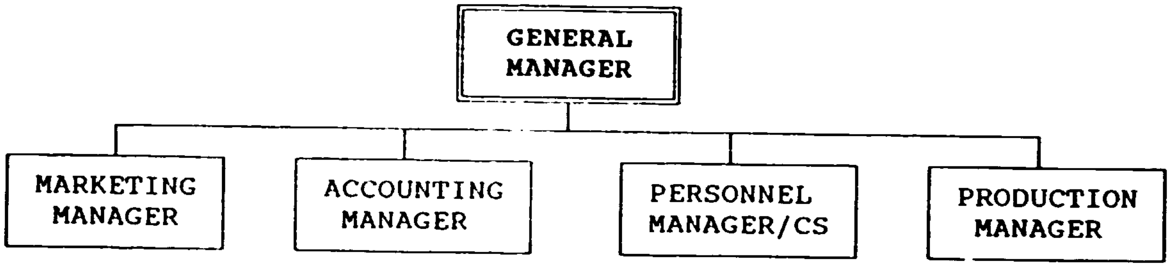
2. Their interest in relation to product, design, features, colour, texture, taste.

3. Attitudes towards; competitor products, service, advertisements.

APPENDIX 4 CONTD.

4. The frequency and intensity with which they buy and use the product in question.

ORGANIZATION BY FUNCTION



Production directed organization are no longer workable and acceptable.

TOPICS COVERED, BUT NOT YET TYPED OUT

1. PRICE:
   - Pricing Policy
   - Pricing Methods
   - Break Even Analysis
   - Determining Price at Lake Victoria Bottling Co. Ltd.

2. PHYSICAL DISTRIBUTION:

3. PROMOTION:
   - Role of Promotion
   - Communication Process
   - Publicity V's Advertising
   - Personal Selling
   - Sales Promotion
   - Push V's Push Strategy

APPENDIX 4 CONTD..

4. MARKET RESEARCH
   - Primary Research
   - Secondary Research
   - Questionnaire
   - Scope of Market Research

   Main Divisions of Market Research
   - Production Research
   - Sales Research
   - Distribution Research
   - Customer Research
   - Promotional Research
   - Stages of Research

5. THE MARKETING CONCEPT
   The Marketing Environment
   - Controllable Factors - the four P's
   - Uncontrollable Factors - Economy, Politics, Culture, Law

APPENDIX 5

LAKE VICTORIA BOTTLING COMPANY LTD.
MARKETING MANAGEMENT

Led By : MARKETING CONSULTANT
Recorded By: MIKE OYO

As Managers, we have to get information to know our opportunities and problems. If we know our opportunities, we will be able to select the target market and develop an objective. With the objective in hand, we will be able to choose the right strategy. We need a systematic approach to plan the market strategy. Then finally, we must be capable of implementing and controlling marketing plans.

In view of this, six questions are asked?

1. Do we have the marketing information we need to determine our available opportunities?
2. Do we know which people to aim our products at in the future?
3. Are our marketing objectives clear-cut?
4. Do we have an effective strategy?
5. Do we have a systematic approach for planning marketing strategy?
6. Are we capable of implementing and controlling marketing plans?

Marketing Management is a process of planning, organizing, implementing and controlling marketing activities in order to facilitate and expedite exchanges effectively and efficiently.

Effectiveness refers to the degree to which an exchange helps to achieve an organization's objectives.

Efficiency refers to the minimization of the resources that are organization must spend to achieve a specific level of desired exchanges.

Purpose - Thus, the purpose of the marketing management process is to facilitate highly desirable exchanges and to minimize the costs of doing this as much as possible.

APPENDIX 5 CONTD..

PLANNING MARKETING ACTIVITIES

Marketing Planning - It is a systematic process that involves the assessment of opportunities and organizational resources, the determination of marketing objectives and of marketing strategy, and the development of a plan for implementation and control.

A Marketing Plan includes the framework and entire set of activities to be performed. A firm should have a plan for each marketing strategy that it develops. Moreover, since a firm's plans must be changed as forces in the firm and environment change, marketing planning is a continuous process.

The Annual Marketing plan is an organized, documented, written communication that does these things:-

a) Defines the business situation - past, present and future.
b) Defines the opportunities and problems facing the business.
c) Establishes specific and realistic business objectives.
d) Defines marketing strategy and action programs required to accomplish the objectives.
e) Pinpoints responsibility for execution of programs.
f) Establishes timetables and controls for execution of programs.
g) Translates objectives and programs into forecasts and budgets which provide a basis for planning by other departments of the Company.

ESTABLISHING MARKETING OBJECTIVES

Defn.: *A marketing objective is a statement of what is to be accomplished through marketing activities.*

Qualities:

1. Expressed in simple and clear terms.
2. It must be measurable or quantifiable.
3. It should indicate when the objectives should be accomplished.

They must be consistent with the organization's overall objectives ie. if a Marketing Manager sets an objective that requires greater use of consumer credit but the overall goal of the firm is to reduce bad-debt loss, the two conflict.

DEVELOPING A MARKETING STRATEGY

Defn.: *Strategy (from strategia - the art of the general) is concerned with the <u>key decisions</u> that are required in reaching an objective or a set of objectives.*

OR How are objectives to be achieved?

It encompasses selecting and analyzing a target market (the group of people whom the organization want to reach) and creating and maintaining an appropriate marketing mix that will satisfy those people.

Example:

Suppose a manufacturer of hand-cut crystal has the objective of producing a high-quality, profitable product.

Thus, the company bases its marketing strategy on maintaining its high-quality image by advertising its crystal in high-status magazines, distributing through specialty stores, and pricing accordingly. This marketing strategy was developed to appeal to a target market that wants to buy expensive, high-status, top-quality crystal.

SELECTING AND ANALYZING TARGET MARKETS

A target market is a group of persons for whom a firm creates and maintains a marketing mix that specifically fits the needs and preferences of that group

To do this, consideration must be given to the following:

- entry effects on sales, costs and profits (the bottom line).
- does the firm have the resources to produce a marketing mix that meets the needs of a particular target market.
- Is satisfying those needs consistent with the firm's overall objectives.
- Also analyze the size and number of competitors who are already selling in the possible target market.

APPENDIX 5 CONTD..

CREATING AND MAINTAINING A SATISFYING MARKETING MIX

Before doing this, collect in-depth, up-to-date information about those needs. The information might include data regarding the age, income, sex and education level of people in the target market; their preferences for product designs, features, colours, and textures; the attitudes towards competitors' products, services, advertisements, and prices; and the frequency and intensity with which they use the product.

APPENDIX 6

LAKE VICTORIA BOTTLING COMPANY LTD.
<u>RESEARCH</u>

Recorded By: MIKE OYO

All Managers need information to make sound decisions.

- Every Company has problems and opportunities.
- All problems in a Company must be known and solved.
- Opportunities must be known but we <u>do not</u> have to take advantage of all of them.
- *Ques: How do we find opportunities and problems?*
  Ans : Through Research
- Definition: Research is a systematic process of gathering <u>information</u>.
- Kinds - Applied and Academic.
  Ques: Where do we get the information from?
  Ans : From within the Company (Internal) - from Company records: they must be well kept.
  (External) . From daily papers
  . What others tell us
  . Liberates

All these are referred to as <u>Secondary Data</u>.

<u>Primary Data Source</u> - Nobody has the information, we must lock for it ourselves.

- Talk to your customers to find how they feel about the: Product
  Price
  Distribution
  Promotion

<u>Types of Questions</u>

Open-end questions	-	to seek opinion
Close-end question	-	
Dichotomous question	-	Yes or No; male/female
Multiple choice question	-	When you are looking for age, income

APPENDIX 6 CONTD..

Devise a way to get answers to socially objectionable questions.

- Once we know the customer we can conclude that the product we have is what he wants and that he is capable of buying it and we know where he wants to find it and what he wants to hear about it.

INFORMATION NEEDS

1. To increase market share - (a) Information about potential markets
   (b) Our competitors and their strategies.

2. Developing new products (Diet Pepsi).

   First : Look at the product in terms of changes in:
   - taste
   - style
   - fashions
   - culture
   - politics
   - technology

   Second: Determine how best to manufacture a new product.

   Third : Justify it (if U.K has it, it does not mean Uganda must have it).

   Fourth: Conduct research when the product is being test marketed so as to sharpen the right focus of the 4PS.

WHAT IS LACKING AT LVBC

1. Customer Service
2. Public Relations Officer

APPENDIX 6 CONTD..

OBJECTIVES OF LVBC

1. Increase Marketing Share — Gain knowledge of customer, trends, taste.
   Assess changes in demand.
   Monitor performance of Salesman.
   Measure effectiveness of advertising.

2. Strengthen Image of Brands

3. Optimise the territorial coverage of our products.

SCOPE OF MARKETING RESEARCH

* Area of marketing decisions are wide, it covers product design, pricing, distribution and promotion.

* Environmental variables cause marketing decisions to be complex and difficult to make. (Environmental variables are demography, economic, legal, competitors activities, and shifting tastes dictated by fashion).

* Statistical information can be gathered on:
  - the general marketing
  - particular segments.

This information may reveal the market study of manufacturers relative to their competitors.

Analysis indicated the general trend in that market, to be compared with the movement in specialized areas of the market, and to the sales trends of individual suppliers. The trend, evident in certain marketing segments, may be markedly different from the overall market movement.

Market research attempts to isolate these phenomena and to explain the causes underlying them.

* Information may be:
  Strategic: are we to diversify into new markets? Tactical or Operational.

MAIN DIVISIONS OF MARKETING RESEARCH

* Product Research - It is concerned with the design, development and testing of new products; the improvement of existing products; and the forecasting of likely trends in consumers' preferences related to styling, product performance, quality of materials.

* Sales Research - This involves a thorough examination of the selling activities of the company.

  Examples:

  (1) If a company's sales are falling the market trend should be checked, with particular attention being given to those segments which have the company's main sales.

  Where it can be established that the total market is steady or improving in these significant areas, some urgent enquiries should be made to find out why company sales are not sharing this general trend. Research should aim to discover where these extra sales are being made - perhaps in outlets not adequately covered by the company sales plan.

  (2) The effectiveness of the sales force should be examined; the distribution of territories, method of operation, system of enumeration, field supervision and training, all require careful analysis and assessment.

  Distribution plans should be compared for selling efficiency; if complete national coverage is desirable, has this been accomplished at reasonable cost, or would alternative arrangements, eg. through wholesalers, be more economical in certain areas? Is the sales force selling to those outlets that handle the majority share of the market?

As an aid to realistic sales forecasting, estimates are based on sound knowledge of the factors likely to affect consumption in that market. This must take account of economic, political, and social developments, and legislation in the markets.

* Customer Research - This covers investigation into buyer behaviour - studying the social, economic, and psychological influences affecting purchase decisions.

  - Reasons for preferences of certain brands, pack sizes, etc. of the products in a particular market will be examined.

  - Attitudinal studies are valuable in distinguishing the appeals of competitive brands to certain types of users.

  - This stage of the research programme includes, for example, exploring and analyzing relationships between variables that appear to be significant in the problem being surveyed.

  - Data Collection - In this stage, the survey methodology has to be put into practice.

  - Data analysis and evaluation.

  - Preparation and presentation of final report.

APPENDIX 7

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH MARKETING MANAGER OF LVBC
AUGUST 21, 1991

THE STATE OF ECONOMY

- Procurement:
  no concentrate - No teem for over 2 months therefore sprite has monopoly.

  Therefore cannot follow marketing plan. Adverts neglected because the products are not there.

  The Industry - Not responsive to marketing (no marketing) no marketing research agency. No advertising agency (ie. no facilitating agencies)
  - Pepsi has given us questionnaire

- The organization of the dept.
  - No research
  - No advertising officer
  - Bring in people on temporary basis

NO MARKETING CONCEPT IN THE COMPANY

Tin containers are in demand but the company is not thinking in that direction.

No bottles at present. We use old ones. The company is still sales oriented. They produce what they have materials for.

DEPOTS

The idea is to get near the markets but we have problem of control:

- The calibre of manpower manning the depots (too low a level).

APPENDIX 7 CONTD..

- Some are good sales officers but the administration side is lacking (ie. the store accounts are not kept).
- Another group is good at administration but will leave the marketing unattended.

Therefore, we need people who can combine the two.

Redress measures taken so far:

- Have requested auditors to visit the depots frequently.
- There have been reshuffles.
- There have been disciplinary action.

I want to see the problems tackled from the root.

Some of the depots do not have enough level of business to deserve high level manpower.

Q : Why no bottles?
Ans: We run short of them.

* Company has agreed to give bonuses to salesmen but it can take 6 months before payment.
  Also, other departments are jealous.
  Company is not market oriented.

* Pressure is brought to bear on marketing staff when materials are received all of a sudden.

* I am overwhelmed by day-to-day routine work. Marketing Manager is so much involved in sales.

  Marketing Manager should not be solving customer problem on one-to-one basis.

Q : Why are you not solving the depots problems?
Ans: I am not too sure there are enough people in the department.
The structure does not permit it.
Again, the company is seriously thinking of reducing manpower.

Q : How about job description for people in the Department?
Ans: To an extent, yes.

APPENDIX 7 CONTD..

Q : To what extent?
Ans: We may assign a field work schedule for somebody who has something to do in the company. I think the structure is needed first.

Q : Can Marketing Manager suggest a good structure?
Ans: I came to meet it. It is also the problem of other departments. I will be able to come up with one to meet my needs.

Q : Did audit check result in what you wanted?
Ans: Cannot tell now. We asked them to check frequently. They give their reports to finance.

Q : What actually is the depot problem?
Ans: Lack of accountability; outright fraud; indiscipline; lack of proper organization.

Q : Do they request for supplies before they run out?
Ans: We have a general policy to gauge their supplies. We strive to save out of stock position. Sometimes they do request but that is not the norm.
We have monthly sales targets for depots.

Q : How about the Cashiers?
Ans: They collect the monies and bank them. But sometimes they don't. Sometimes too the money is not declared for banking. This has happened in two depots.

Q : Do you check their books?
Ans: I do not check their books.

* Most of the sales are in Kampala.

* I am satisfied with the level of Sales at the Depots except for one.
Some (2) sell 10K cartons a month
Others sell 7K cartons a month.

Q : Areas we think of potential, we must be there ourselves. Therefore Depots must be maintained. There is a nice argument against using only wholesalers.

Ans: We use depots to maintain price levels. To do marketing.
We keep a staff of 6 at a depot. Apart from loaders all others are from the head office.

APPENDIX 8

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH JINJA DEPOT CASHIER

DATE: 26/08/91 TIME: 11.30 AM PLACE: JINJA DEPOT
Depot Supervisor had not reported for work at that time.

AIM : To establish a sense of the accountability in the Depot Personnel.

OBJECTIVE: Set control in their operations to minimise losses or curtail them.

JINJA DEPOT

Cashier (Wamale)

- Sends money to bank every day by noon.
- Cross check - they don't agree always.
- Cross check not done with salesman but salesman admits it.
- Receipts?
- On orders to leave with customers.
- Recommendations: level of invoices too high.
- 1,300 U Shillings is the max shortage per day.
- More days shortage than accurate.
- April (rainy season)
- School going time (Jan, May, Sept)
- Pay : 40K/month
  24K allowance
  Pay comes late (26/08/91 no July pay yet).
- Sales commission (sell above 100 crates).
- No overtime for me.
- Incentive for customers:
  . T/Shirts
  . Cooler
  . Openers
  . Calendars
  . Printing

THE AUDITOR

- How often does he show up? Ans: Monthly.
- Monthly maintenance money (or float):
  - to pay casual labourers
  - bulbs
  - security men

  Amount needed: 1,000,000/per month without fuel
  800,000 (lowest)
- Sales about 40 million (every month)
  Advice: Be strict on sales: not too much invoices
- Presently total invoices = 40 thousand shillings.
- Breakages
  - Road
  - Hot weather
- We sell bottles 50 U.Sh/bottle
- Check to collect before I go home.

APPENDIX 9

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH MASAKA DEPOT SUPERVISOR

PLACE: MASAKA DEPOT **DATE: 27/08/91**

OPERATIONS:

- House selling
- Route selling (recently) 20 miles radius
- Demand for soda is up
- Weather dictates consumption (cold and hot)

ACTIONS:

Before 8 a.m trucks leave.
Route sale is programmed by days: Town take 2 days.
It is now expensive: only 50 crates/day in town.

TARGET: 1200 Crates/Month

- Problem with Head Officer
  * no diesel to run the truck
  * 300,000 per month not enough for operations

  26 days x 12,000 expenditure/day. Let them budget for operations.

  About 500,000/=/month is enough.

PRICE/CRATE:

Masaka: **4300/=; Mbarara: 4500/=**
500 crates are sold per day.

Ques : For how long have you been doing this: spending above given expenditure level.

Ans : Since last month and this month.

The truck is too small so when it gets finished we have to return to fill it and we do not have the fuel.

APPENDIX 9 CONTD..

Suggestions for improvement:

- A bigger truck
- 500,000/=per month for operations

At the depot, we sell only when more than 10 crates are bought at a time.

* Moral is falling (on my part) because I do not get out of station allowance when I leave for Kampala on duty.

  Therefore define "out of station allowance".

* Payments are delayed from Head Office.

  If given all facilities, I can sell 700 crates/day during the good seasons.

* 200,000/= shillings have been spent above my limit
  300,000/= since July and August.

STAFF:

3 on payroll at the moment:

* Salesmen
* Supervisor
* Cashier

I employ extra hands when I have more jobs.

Cashier receives money under my supervision.
Money problem I do not have with sales people; but creates.
Constant checking with the bank (once a week).

My background is helping me. I have worked at the bank and internal audit at LVBC.

COURSES SUGGESTED:

* Sales:
  - To know customer and understand his needs.
  - Whether on empty bottles or on something else.

APPENDIX 9 CONTD..

PLUGGING LOOPHOLES:

- Go for a course
- Changing supervisors may help.
  If one stays at a place too long one gets used to the people and that leads to embezzlement.
- Do not encourage credit sales to agents. If any is given at all it must be within the reach of supervisor who can make the refund.

BOTTLES:

Customers need bottles but we need permission from management.

Ques : The distance covered - can it go beyond 20 miles?
Ans : I can go about 40 miles and beyond.

MY ACTIONS:

I went round to agents (potentials).
I lend them empties.

COMMISSION TOO LOW:

3/- per extra crate: Let it be 5/- or more.

Bottleneck for salesmen getting incentives - They do not give us the products.

Ques : How do we get our empties back?
Ans : Pay them more to get them back ie. 3000/= per crate.

APPENDIX 10

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH AN AGENT (KAMPALA)
AUGUST 28, 1991

KASULE

1. We want to get our supplies direct from factory at reasonable price of 3950 U Shillings.
2. We will not deal with Coke.
3. April and March (Easter) is the peak period.
4. Taxation is making price high.
5. Does not move fast these days as before.
6. Lubaga Division can be given to us to serve.
7. 2000 crates/month sales.
8. Delivery is always delayed not prompt.
9. We have our truck to take delivery ourselves.

APPENDIX 11

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH AN AGENT (KAMPALA)
AUGUST 28, 1991

AGENT: **Citizen Trading Company Ltd. (J & C) (Ssakayombya)**

Q : What do you expect from us?
Ans: Competition with LVBC.

Q : How wide an area can you cover?
Ans: The whole of Wedji.

Q : How do you want to do it?
Ans: Go around to get orders.

Q : How would you supply them the goods?
Ans: They have to pick from here (my store).

Q : What do you want us to tell them in our advertising message?
Ans: This man is here selling at official price.

Q : Price?
Ans: Give it to us at 3950/= to be retailed at 4200/=.

Q : How much margin is enough?
Ans: 500/- plus an exclusive area to cover.

Q : Can you take delivery yourself?
Ans: Difficult.

Q : What do you have wit.. Coke?
Ans: Stockist agreement.
Ans: Balancing brands (Pepsi M and T)

Q : Credit facility needed?
Ans: Yes, but may not be good for LVBC

APPENDIX 12

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH MBARARA DEPOT SUPERVISOR

PLACE: MBARARA DEPOT **DATE: 29/08/91**

1. No regular supplies from Head Office: 8th, 20th and 29th have been the days we have had supplies in August.

2. We do not get assortment of brands (Pepsi, Mirinda and Teem). Therefore, customers refuse to buy.

3. Therefore service is not effective.
   Sales route schedule not made to certain areas because of insufficient supplies.

4. Bottles not sufficient. The result is that we are forced to lend empties to the hotels.

   Q : How many do you think you need?
   Ans: I cannot tell exactly.

5. Transport - the size is not enough only 150 cases capacity
   - Forced to make 3 trips instead of one. It is expensive in terms of fuel consumption.

6. Distribution policy:
   a) Agents collect products from Kampala. They get big margins on them. This gives them upper hand to reduce price in time of problems.
   b) Our price is the same if 1 case or 100 cases are bought at a time.

7. Promotional materials:
   Most outlets are selling warm drinks due to lack of cooling facilities.

8. Bad roads - But they are being worked on.

APPENDIX 12 CONTD..

SUGGESTIONS TO TACKLE PROBLEM

1. Supply:

   We should have enough on hand. Up to this day in the month we have received only 6000 cases. Our target is 10,000/month.

2. This will encourage us to do sales campaign in the area. (We can sensitize the customers).

3. Bottle problems:
   We should get them easily and in adequate quantity.

Q : How big is the market?
Ans: We now serve over 600 "big" outlets. We serve a radius of 40K and the areas are heavily populated with reasonable income.

Q : Given truck and good road network, how much can you sell per month?
Ans: 15,000 cases.

But with only a truck and regular supply we can sell up to 12,000/month.

If we are allowed to sell at prices set with regard to distance, we will be able to sell more.

Q : How much are you given per month for operations?
Ans: Given 300,000/= per month for operation, but it is not enough.

Q : How much will be enough?
Ans: 500,000/= will be enough.
Ans: We have been paying the excess from sales revenue, averaging around 200,000/- month.

Transfers are effected weekly to the head office.
Chief Accountant and the Financial Accountant are in charge of these amounts.
My major expense is on fuel.

Q : How much per month?
Ans: 1/4 of the 500,000/- is spent on fuel.

APPENDIX 12 CONTD..

Suggested Educational Background for a Depot Supervisor:

Business Studies Supplies Management Personnel Management	General Manager

I suggest: Finance (Accounting)
Personnel Management
Marketing Background
Store's Management

We cannot keep the depot and allow sales to people from the area (acting as agents).

Because I give credit facilities, the hotels buy from me. Those who do not have empties buy from the agents.

Our Weekly Schedule:

Shaka town (40 miles from Lake). We do 3 trips per each day. We go Tuesday. This should not be.

Wednesday : 2 Pick-ups (ie. 2 trips)
But there are more customers left unserved.

Thursday : 1 trip but not enough.

Friday : Mbarara Town Centre

Q : To find agents, what will you tell the people?
Ans: Convince them it is profitable to sell soda.

Also supplies will be regular. These people have money but are using them for other businesses.

Our monthly reports go to marketing head and other heads of department.

Please centralise everything in the Marketing Department.

Q : How do you get your pay here?
Ans: I go to collect them from Kampala but it delays.

APPENDIX 12 CONTD..

** Payment system must be improved.

5 on staff
- Supervisor
- Cashier
- Salesman
- Driver
- Security

3 Casual labourers.

Commission on sales for the Sales Supervisors:
By not supplying us the goods you are denying us of our commissions.

APPENDIX 13

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH AN AGENT AT MBARARA

STEVEN TUMUHEIRWE:

Depot not needed here.
The rights given us have been taken away from us.

Q : Were you going by our prices?
Ans: We will abide by your prices.

No use being an agent now even though we still pay taxes.

We suggest we buy from the depot and supply to our customers. Not your (LVBC) doing that.

Revise depot operations to suit the market.

The price is also a problem for us.

APPENDIX 14

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH FINANCIAL ACCOUNTANT (Payments)
SEPTEMBER 2, 1991

A) Payments to depots:
- Petty cash float (300,000/=)
- Salaries and wages
- Allowances (monthly)
  - when salesmen go beyond 20 kilometres
  - welfare servicing (paid weekly)
    ie. 330 x 5 days = 1650/= per week
  - casual labourers.

B) Depot Supervisors are to make advance claims for allowances. For example, on the 2nd of September (today) they have to make claims for the month of September on the following:
- Known allowances (subsidies)
- Casual labourers
- Safari day allowance
- Depot workers wages

We process and make a check payment voucher.

C) Drawbacks:
- Insufficient funds: causing postponement or delays on payments of the 300,000/=
- We know it is not sufficient
- Lack of proper depot budgeting.

We have all the breakeven levels and this tells us they are not performing profitably except Gurn and Kasese which are operating above breakeven. I think it is because Guru and Kasese have no vehicles.

Q : What determines the 300,000/=?
Ans: We have worked out their requirements as shown. But these calculations were made before the vehicles were brought in.

Some Sales Supervisors do not come to collect the float check because they know they can dip into sales revenues. But once they have chance to dip into sales, controls can no more be exercised.

APPENDIX 15

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH FINANCIAL ACCOUNTANT
(Revenue Sources)

Every Monday, Depot Supervisors send remit through TT to Head Office. But this does not reflect whole sales.

Route sales in Kampala:

- Credit sales to Hotels and the Bank of Uganda. The number of customers buying on credit has increased to 20 from 10 within a very short time.

- Coordination between Marketing and Revenue is lacking. This is making the checks on those defaulting difficult.

Empties

Cost of a new bottle	=	250/=
Cost of a new shell	=	4,000/=

APPENDIX 16

LAKE VICTORIA BOTTLING COMPANY LTD.
INTERVIEW WITH LVBC AUDITOR (Emmanuel Ocama)

DATE: 04/09/91

We cneck transactions:

- What is received-full goods
- Sales and banking
- Petty cash float

Goal is to reconcile what is received with sales because of price changes; compare sales proceeds with what is banked.

Observations:

- They make use of sales money for operations
- They take I.O.Us.

Advice:
- Increase petty cash float to take care of one month operations.

Pay them as soon as they come here for their money.

We analyze petty cash expenditure.
Marketing is advised to set a standard on what should be paid out of petty cash and what should not.

The Depot Supervisors themselves have tried this but no heed has been paid to them because the cash (money) is not there.

Bottles

Reconciliation of the containers and bottles. Management is very much concerned about this.

Driver to be held responsible. Checkers can also reduce the numbers,

ie.	100	-100	-95
	Depot	Here	Checker

APPENDIX 16 CONTD.

Shell must be there for what got broken.

Not only that, but broken bottles must be there.
Management measures to control:
20 for Lorry
5 for Pick-ups

Sales on Credit

- To hotels and clubs
- Depot Supervisors are taking undue advantage. They go beyond the given number of customers to be given credit facilities.

We have advised management to set limits based on the ff:

Loaning out of Empties:

No deposits are made on what is received
- they must be authorised before they can loan them out
- give it to regular ones.

Record Keeping:

Forms have been designed for them since last year.
- daily sales
- banking daily
- salesmen have been given C forms (C = Control)_
- monthly returns.

A) 1. How often do you make your checks?
   Once a month.
   2. Of late we comply, but before we did it twice a month for lack of staff.
   3. Jinja, Masaka must have two times check per month
   4. We do not inform them when going: we can go at any time of the month.
   5. We serve on 3 routes
   Masaka, Mbarara, Kasese in the West; Jinja, Mbale in the East; Gulu in the North.

B) Who gets the report?
I get it endorsed and give copies to Marketing Manager and Chief Accountant and Depot Supervisor.

APPENDIX 16 CONTD..

C) What do you expect them to do on the report?
We want them to act on the recommendations we make. They have been acting on our recommendations.

D) What do you do on recurring problems?
We recommend they recover the money; suspend the offender too. We have insurance on Cashiers and Salesman.

Q : Then LVBC is not losing anything
Ans: But sometimes we are not able to recover immediately.

Q : How much insurance?
Ans: See the Administrative Officer on this.

Q : Who banks the money?
Ans: The Supervisors are to do that. They don't because it is too involving.

Problem: They only cross-check. But they do not do it everyday.
If money is not banked, it is the neglect of Supervisor and must be made responsible for it.

Depot Supervisors must have the following background:
- Marketing knowledge
- Accounting
- Supervisory Skills (Management) ..... of Diploma
- Audit (Training)

Give to Hotels and Clubs whom we know. The limit must not be less than 20 cases for a week to help with invoicing and follow ups.

Q : Have you tried to establish what they use the money they take out of sales?
Ans: They have records.

Q : Do you have your own transport to make the trips?
Ans: No transport.

Q : If they have been acting on your recommendations how come the problems are still there?
Ans: No reply.

APPENDIX 16 CONTD.

The Chief Accountant is to establish what goes into operation divided into fixed and variable costs.

Get the estimates; study it and leave out the unnecessary ones; and come out with a reasonable and workable float.

No transport for us to do our surprise checks. By the time we arrange for one they already have a wind of it.

Again when we ask for our allowances:
1. Fill a form
2. To General Manager for approval
3. To accounts for processing of payments
4. Pay us by petty cash not above 50,000/=

Solution:

1) We need own transport

2) Management must also look at level of education of the Depot Cashiers. Because in the absence of Supervisors they are the ones in charge of the depots.
   A Cashier must have the following:
   - Record keeping expertise
   - Somebody who knows how the company operates (needs an inhouse training)

3) Provide counting machines for depots with 2 million U Shillings sales/day.
   * Depots are necessary for us to have control over our distribution and price. Expand on it.

APPENDIX 17

LAKE VICTORIA BOTTLING COMPANY LTD.
PROFIT AND LOSS ACCOUNT FOR SIX MONTHS ENDING 30TH JUNE, 1987

		1987 Shs.	1986 Shs.
Sales and Distribution Expenses			
Salaries, Wages and Benefits		370,799	203,560
Staff Uniforms		4,500	-
Travelling and Subsistence		119,540	231,770
Staff Welfare		39,007	-
Motor Vehicle Maintenance		1,163,612	1,712,030
Hire of Transport - Soda Distribution		92,276	13,800
Bottle breakage, (warehouse, trucks and depots)		174,204	659,090
Loss on Sale of Assets		-	4,660
Special Events (Trade Fares)		66,232	-
Advertising		178,985	104,010
Sundry Expenses and Trade Losses		9,489	172,510
Depot Expenses		1,750	-
Provision for Bad Debts		136,609	760,830
Depreciation - Motor Vehicle		596,957	2,121,500
		2,953,960	5,983,760
TOTAL EXPENSES		13,014,924	16,010,600
Net Profit for the Period Before Tax and Extra-Ordinary Item	Shs.	31,370,725	12,373,510

APPENDIX 18

LAKE VICTORIA BOTTLING COMPANY LTD.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1988

	1988 Shs. '000'	6 Months to 30th June 87 Shs. '000'
Sales and Distribution Expenses		
Salaries, Wages and Benefits	7,583	371
Staff Uniforms	80	4
Travelling and Subsistence	4,518	120
Staff Welfare	-	39
Motor Vehicle Maintenance	8,150	1,164
Truck Hire - Soda Distribution	38,606	92
Bottle Breakage	7,151	174
Bottle Shortages	1,812	-
Pallet Repairs	151	-
Special Events (Trade Fares)	1,019	66
Advertising	5,030	179
Miscellaneous Expenses	39	9
Depot Running Expenses	1,013	2
Provision for Bad Debts	2,370	137
Depreciation - Motor Vehicles	657	597
	78,179	2,954
TOTAL EXPENSES	189,408	13,015
Net Profit Before Tax and Extra-Ordinary Item	Shs. 251,009	31,371

APPENDIX 19

LAKE VICTORIA BOTTLING COMPANY LTD.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1990

		Shs.	1989 Shs. (000)
Sales and Distribution Expenses			
Salaries, Wages and Benefits		42,425,129	43,895
Bonus and Commission		3,494,589	964
Advertising		41,221,654	42,551
Special Events (Trade fairs and Shows)		13,942,935	2,714
Motor Vehicle Maintenance		61,067,648	32,495
Travelling Expenses - Marketing Staff		32,728,960	9,477
Travelling - Salesmen and Truck Crew		27,159,490	7,754
Staff Uniform		-	2,116
Entertainment		4,082,830	-
Truck Hire - Soda Distribution		139,136,314	117,281
Depot Rents		6,071,021	3,943
Pallet Repairs		-	1,346
Miscellaneous Trade Losses (gains)		(2,356,904)	21
Bottle Breakages in Warehouse and Trucks		10,978,255	19,291
Depreciation:- Motor Vehicles		56,780,455	14,453
		436,732,376	298,301
Financial Expenses			
Interest on Short Term Loans		112,539,305	31,306
Interest on Long Term Loans		37,750,462	-
Other Bank Charges		14,460,385	7,564
Provision for Bad Debts		8,933,319	6,045
		173,683,471	44,915
TOTAL EXPENSES		1,318,698,678	776,798
Net Profit Before Tax and Excra-Ordinary Item	Shs.	128,123,981	385,315

APPENDIX 20

LAKE VICTORIA BOTTLING COMPANY LTD.
1990/91 MARKETING AND DISTRIBUTION EXPENSES BUDGET

	BUDGET 1990/91 SHS.	ACTUALS 1989/90 SHS.
Labour, Wages and Benefits	83,523,411=	57,858,209=
Staff Salaries and Benefits	18,183,964=	16,187,674=
Staff Local Travelling Allowances and Benefits	30,681,116=	36,987,709=
Advertising	56,750,000=	46,098,199=
Special Events	4,250,000=	4,331,039=
General Entertainments	1,800,000=	2,654,884=
General Radio and Press Messages	1,800,000=	7,794,061=
Bottle and Shell Breakages	42,439,000=	34,474,950=
Pallet Repairs	3,750,000=	-
Write down on Bottles and Shells to Deposit Rates	490,000,000=	108,592,752=
Miscellaneous Trade Losses	3,000,000=	3,852,040=
Salesmen's Commission	11,297,085=	5,118,570=
Depot Running Expenses	13,272,000=	11,694,375=
Marketing Fleet Maintenance	243,835,250=	58,471,003=
Fleet Hire	205,000,000=	123,115,619=
Depreciation: Marketing Fleet	49,592,910=	66,102,317=
	1,259,174,736=	5[illegible]33,399=