

NUTRITION PRODUCTS LIMITED

Serving Jamaica's Children since 1973



Annual

REPORT

— 2014 - 2015 —

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Mission Statement

To produce and distribute
a nutritious meal to
designated school children
at the lowest possible cost,
utilizing local resources
whenever possible.



BOARD OF DIRECTORS



James E.D. Rawle

Board Chairman



Alex Drysdale

Finance & Procurement
Committee – Chairman
Board of Trustees
Committee



Andrea Sweeney

Audit Committee –
Chairman
Finance & Procurement
Committee



David McBean

Operations & Quality Assurance
Committee – Chairman



Emile Spence

Human Resource &
Administrative Services
Committee – Chairman
Board of Trustees – Chairman
Finance & Procurement
Committee



Trevor Riley

Operations & Quality
Assurance Committee
Audit Committee



**Suzanne
Soares-Wynter**

Operations & Quality
Assurance Committee
Audit Committee



Anthony O'Conner

Human Resource &
Administrative Services
Committee
Audit Committee



Cleve McKenzie

Human Resource &
Administrative Services
Committee
Board of Trustees Committee



Audrey Johnson

Human Resource &
Administrative Services
Committee
Board of Trustees Committee



C. Helen Robertson

Operations & Quality
Assurance Committee
Finance & Procurement
Committee
Audit Committee



Sandor Pike

Operations & Quality
Assurance Committee

MANAGEMENT TEAM



Orville Lewinson

General Manager



Josiah Williams

Operations Manager



Marlon Beaton

Financial Controller



Philip Hunter

Human Resources &
Administrative Services
Manager



Darryl Nelson

Distribution/Warehouse
Manager



Lanceford Gordon

MIS Manager

SENIOR EXECUTIVE MANAGEMENT COMPENSATIONS

Position of Senior Executives	Year	Salary \$	Gratuity or Performance Incentive \$	Traveling Allowance or Value of Assigned Motor Vehicle \$	Pension or Other Retirement Benefits \$	Other Allowances \$	Non-Cash Benefits \$	Total \$
General Manager	14/15	3,459,806	N/A	1,380,000	N/A	253,155	N/A	5,092,961
Operations Manager	14/15	2,305,974	N/A	514,500	N/A	N/A	N/A	2,820,474
Human Resource & Administrative Services Manager	14/15	2,038,145	N/A	514,500	N/A	N/A	N/A	2,552,645
Financial Controller	14/15	2,305,974	N/A	514,500	N/A	N/A	N/A	2,820,474
Distribution & Warehouse Manager	14/15	1,757,181	N/A	514,500	N/A	N/A	N/A	2,271,681
M.I.S Manager	14/15	1,506,836	N/A	514,500	N/A	N/A	N/A	2,021,336

DIRECTORS' COMPENSATION 2014 - 2015

	Position of Director	Fees \$	Motor Vehicle Upkeep/Traveling or Value of Assigned Motor Vehicle (Travel) \$	Honoraria \$	All Other Compensation including Non-Cash Benefits (Meal Allowance) \$	Total \$	
	Chairman	253,000	89,600	N/A	N/A	342,600	
	Finance & Procurement Chairman	209,000	89,600	N/A	N/A	298,600	
	Audit Committee Chairman	106,500	42,000	N/A	N/A	148,500	
	Operations & Quality Assurance Chairman	171,000	68,000	N/A	N/A	239,000	
	HR & Administrative Services Committee Chairman	262,900	95,200	N/A	N/A	358,100	
	Director	72,000	33,600	N/A	N/A	105,600	
	Director	74,000	39,200	N/A	N/A	113,200	
	Director	137,500	218,400	N/A	N/A	355,900	
	Director	129,000	58,800	N/A	N/A	187,800	
	Director	137,500	61,600	N/A	N/A	199,100	
	Director	123,100	58,800	N/A	N/A	181,900	
	Director	127,000	58,800	N/A	N/A	185,800	

DIRECTORS' ATTENDANCE: BOARD AND COMMITTEE MEETINGS

APRIL 1, 2014 – MARCH 31, 2015

The following table shows the composition of the Committees and Directors' attendance at meeting for the period:

DIRECTORS	BOARD MEETING	FINANCE & PROCUREMENT COMMITTEE	AUDIT COMMITTEE	H. R. & ADMIN. SERVICES COMMITTEE	OPERATIONS & QUALITY CONTROL COMMITTEE	BOARD OF TRUSTEES
(Number of Meetings Held)	12	10	4	10	10	5
Mr. James E. D. Rawle	12					
Mr. Alex Drysdale	12	10				5
Ms. Audrey Johnson	11			9		5
Dr. David McBean	10				9	
Mr. Cleve McKenzie	10			9		5
Mr. Anthony O'Conner	10		4	10		
Mr. Sandor Pike	10				9	
Mr. Trevor Riley	6		2			
Ms. C. Helen Robertson	6	6	2		8	
Dr. Suzanne Soares-Wynter	8		3		8	
Mr. Emile Spence	11	10		10		5
Mrs. Andrea Sweeney	9	4	4			

CHAIRMAN'S REPORT

The focus on systematic and sustained continuous improvements initiated in the prior year continued with intensity throughout 2013/2014. Resulting from the various initiatives, the organization recorded significant improvements and growth in all areas. The table below summarizes the evolution of selected key performance indicators over the period 2012 to 2014:



SELECTED KEY PERFORMANCE INDICATORS				
2012-2014				
	Description	2014	2013	2012
1.	Units produced and distributed	22,987,835	20,793,253	21,639,590
2.	Electricity Usage:			
	Units produced/100 Kwh	2,756	2,437	2,232
3.	Water Usage:			
	Units produced/100 Litres water	87	67	56
4.	Total Administrative Expenses			
	(\$Mio)	83.7	91.8	101.7
5.	Total Distribution Costs			
	(\$Mio)	104.2	128.5	145.2
6.	Total Delivered Cost of each Snack/M meal Solution			
	(\$)	36.99	37.89	39.91
7.	Surplus/(Deficit)			
	(\$Mio)	27.7	35.5	(83.01)

In summary, all the key indicators and ratios continued to trend in the right direction, controls were reinforced, full compliance with statutory and regulatory requirements achieved, and the organization delivered on its core mandate of producing and distributing an increased number of nutritious snacks/meal solutions to designated school children. Additional details may be found in the various sectional reports and the Audited Financials that are integral parts of this Annual Report.

The improved performance can be attributed to efficiency gains and optimization in all areas of the operations. The savings generated by these gains, allowed for further Plant and operational improvements, upgrading of the facilities, improvement and upgrading of the Management Information Systems (MIS), and importantly, staff training, development and welfare.

Product renovation and innovation continued, and we now have a suite of products formulated around local agricultural inputs and of improved nutritional profile. In this context, we introduced for the first time, breakfast solutions for

segments of the Early Childhood Cohort, inclusive of hot solution (porridges), sandwiches, muffins, breads/ cakes and an improved juice drink, made utilising locally produced fruit puree.

Most notable in the area of efficiency gains (in addition to electricity and water utilization/consumption) is that which is being realized from the retrofitting of the ovens and boilers to use LPG (in substitute of diesel fuel). In addition to facilitating a cleaner operation and improved control, this conversion yielded savings of approximately \$6M in the first two terms of the 2013/2014 school year.

As in the prior year, the considerable advances realized were greatly facilitated by the timely disbursement of subventions by the Ministry of Education (allowing for tight treasury management and cash flows), the oversight of the various Sub-Committees of the Board, and the flexibility and adaptability of the entire work force, third party contractors and suppliers.

There now exists considerable capacity and capability in Nutrition Products Limited to extend the reach and effectiveness of the organization in providing a variety of meals and snack solutions to the broader School Feeding Programme.

On behalf of the Board of Directors, I thank the entire staff for their efforts, commitment and responsiveness. I also thank my fellow Board Members for their professionalism, dedication and unreserved support to the organization over the period.

James E.D. Rawle
Board Chairman

GENERAL MANAGER'S REPORT



The nation's (needy) children are at the heart of everything we do, and we are their provider with their best interest at heart. With this in mind, we remain committed to providing nutritious meals for those children, thus creating a brighter future for them.

Nutrition Products Limited (NPL), continued our impressive record of performance, innovation and leadership. We are now pleased to submit our Report for the period ended March 31, 2015.

The creditable performance of NPL impinges on the fact that:-

- Our Board of Directors continued to demonstrate high levels of engagement, good governance and a deep sense of commitment to the success of NPL. We thank them for their support and contribution throughout the year.
- All team members (Manager and Staff) perform outstanding work each day, sometimes under challenging circumstances. For this, we acknowledge the tireless efforts of all who serve and provide value to our beneficiaries/students everyday with the provision of nutritious meals.

Strategic Success For 2014/2015

This was highlighted by the:-

- Constant launching of new and exciting quality products to satisfy the increasingly sophisticated demand of our beneficiaries/students;
- Incorporation of additional local agricultural produce, as well as increased quantities of those local materials in the range of products;
- Expansion of our operations to provide breakfast solutions, island-wide;
- Continued assessment and evaluation of the functions, purpose, structure and delivering models, to ensure that NPL is resourced to deliver quality service through a cadre of employees who are fully trained and work in an environment that promotes continuous learning and performance improvement;
- Composition of the Board of Directors with their diverse perspectives, skills and experience that provided an effective balance to decision making and a great contribution to our achievements;
- Continuous drive to make the operations as efficient as possible. This strategy includes being more efficient end-to-end, from how we purchase to the final cost on delivering.

We are confident that our focus on these areas, and others, have contributed and will continue to contribute to a more effective and efficient organization and solidify our status as being in the best position to achieve the Government's mandate of feeding the nation's needy children, effectively.

I take this opportunity to salute the team for their commitment and energy to delivering a strong performance over the period.

Thank You



Orville Lewinson
General Manager

DEPARTMENT PERFORMANCE

April 2014 - March 2015

DEPARTMENT PERFORMANCE

P R O D U C T I O N

The Production Department is responsible for planning, coordinating, directing, monitoring and controlling all activities required to fulfil customer expectations with regard to the company's products. This includes maintenance of appropriate quality standards, and adherence to the stipulated formulae and specifications developed to achieve maximum efficiency and effectiveness.

Manufacturing takes place at three (3) locations, namely, Kingston, St. Mary and Westmoreland. Each manufacturing location (Plant) is divided into two major production departments, the Bakery and Liquid Processing, with each plant given its quota of solid (baked product) and liquid (juice drink, flavoured drink and porridge) of the overall production.

Key achievements for the year under review include:

- Production of both solid and liquid for the period was 100% of planned production for both departments. *(See Tables and Charts on pages 11 -12).*
- The expansion of the breakfast programme islandwide from 12,000 solutions daily to 34,000, thus incorporating the two rural plants and the schools fed by them.
- The addition of sandwiches (chicken, corned beef and cheese) to the existing menu of breakfast items.
- Quality assurance focus on both plant and product safety continued to the extent where external product analyses for the year totaled one hundred and forty-five (145) up from one hundred and ten (110) in the previous year.

BAKERY DEPARTMENT

The Bakery realised its budgeted target for the year. This achievement was only made possible by the general teamwork exhibited by all parties concerned - Mixers, Bakers, Machine Operators, Packers and Maintenance personnel.

The department continued producing its variety of products - bullas, rock cakes and spice buns for the lunch programme and carrot bread, banana bread, carrot muffin, banana muffin and sandwiches for the breakfast programme, utilizing local agricultural produce such as carrots, bananas, ginger, mixed peel, liquid eggs, lettuce and tomatoes as much as was possible.

Efforts to fine tune the operations especially in the areas of product quality, improved output vis a vis electricity, fuel and water usage and minimized waste, all form a part of the department's daily function.

LIQUID DEPARTMENT

The Liquid Department also achieved its target for the year. The department continued producing a variety of flavoured drink for the lunch programme which now includes a mango and pineapple juice drink made from concentrate and or local fruit puree and different types of porridge for the breakfast programme.

BREAKFAST SOLUTIONS

During the latter part of the year the breakfast programme was expanded islandwide incorporating the two rural plants and the schools fed by them. Breakfast solutions thereby increased from 12,000 solutions daily to 34,000. Sandwiches (chicken, corned beef and cheese) were added to the existing menu of breakfast items which included:

- Muffins (Banana, Carrot)
- Bread (Banana, Carrot)
- Porridge (Cornmeal, Cream of Wheat)
- Fruit Drink (made from concentrate and local seasonal fruits)

Sandwich Production has resulted in the addition of lettuce, onions and tomatoes to the list of local agricultural materials (liquid whole eggs, carrots and ripe bananas) used in the programme.

DEPARTMENT PERFORMANCE

QUALITY & SAFETY

As we perform our mandate of providing nutritious meal solutions for the children, we will continue to be guided by the implemented and proven quality control policies and procedures that have allowed us to attain and in some instances surpass the stipulated standards set by our regulators.

In the area of safety, sixty seven (67) employees throughout all plants, were trained in Fire Prevention & General Fire Safety in order to establish qualified emergency response teams across the shifts. These employees were also the core complement of the 138 employees trained in First Aid/ CPR.

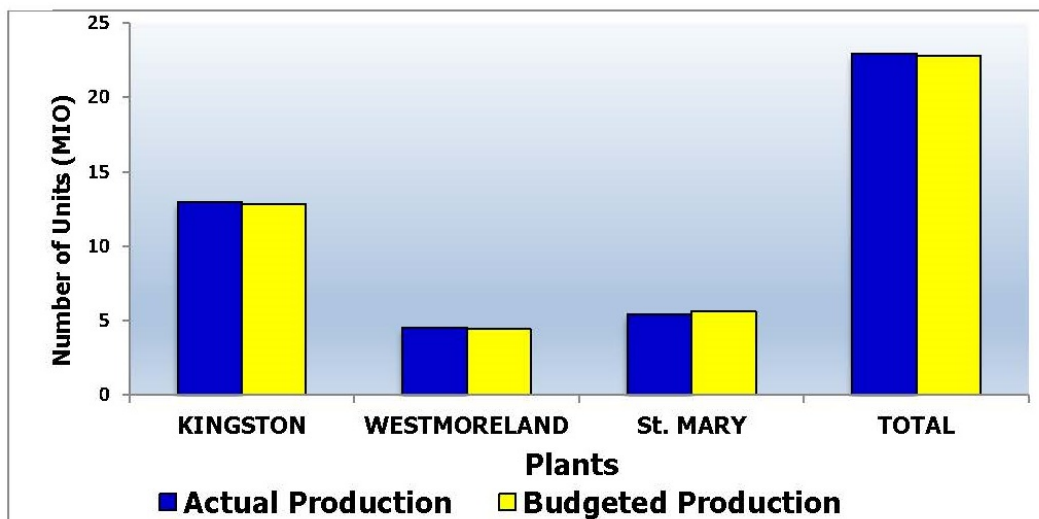
Additionally the two (2) rural Plant Managers and the Quality Assurance Officer from the Kingston plant participated in an “Essentials of Occupational Safety and Health” course at the University of West Indies.

Fire drills were carried out at all our locations during the year reminding of and reinforcing proper evacuation procedure to ensure readiness should the need for such an exercise arise.

PRODUCTION OF SOLID - Table 1

	Actual Production	Budgeted Production	Variance (Value)	Variance (%)
Kingston	12,977,566	12,801,875	175,691	1.372
Westmoreland	4,547,611	4,413,839	133,467	3.023
St. Mary	5,426,219	5,594,376	-168,157	-3.099
Total	22,951,071	22,810,070	141,001	0.618

SOLID PRODUCTION - Chart 1

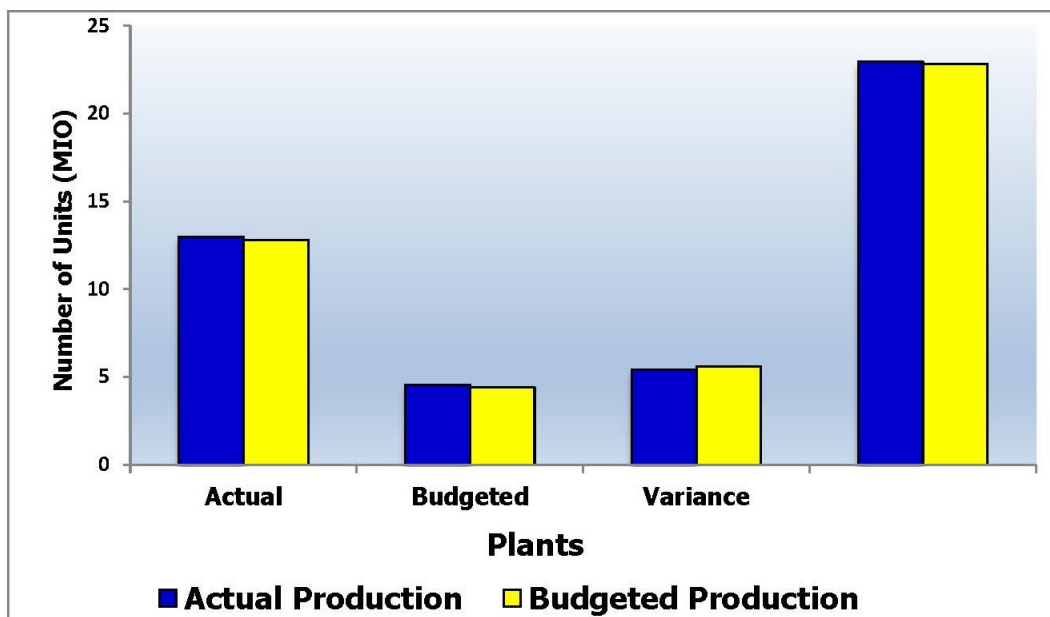


DEPARTMENT PERFORMANCE

PRODUCTION OF LIQUID - Table 2

	Actual Production	Budgeted Production	Variance (Value)	Variance (%)
Kingston	15,108,730	12,350,925	2,757,805	22.33
Westmoreland	4,462,980	4,397,182	65,799	1.56
St. Mary	2,630,480	5,500,396	(2,869,996)	-52.18
Total	22,202,190	22,248,503	(46,392)	-0.21

LIQUID PRODUCTION - Chart 2



DEPARTMENT PERFORMANCE

DISTRIBUTION & WAREHOUSING

The Distribution & Warehousing Department is responsible for ensuring that good quality products are being produced and distributed by guaranteeing that:

- Raw materials purchased meet the stipulated quality standards;
- Raw materials are properly warehoused and efficiently dispatched to production locations; and,
- Finished products are correctly stored and transported islandwide.

The actual delivery of solid and liquid compared to planned delivery for the year was 99.1 percent for both. **(See Tables & Charts on pages 14 -17).**

The distribution target was not met owing to a reduction in the schools' demand because of several school activities throughout the period including Professional Development

Programmes, Grades Four & Six Diagnostic/Achievement Tests, and school closure for mid-term breaks. The distribution therefore had to be fashioned to match the demand.

Key Activities carried out during the period included:

- Distribution of sandwiches (chicken, corned beef, and cheese) commenced in November 2014, to designated schools in the parishes of Kingston & St. Andrew, St. Catherine, St. Thomas and Clarendon. Sandwiches were individually wrapped and delivered in sealed insulated containers.
- Daily distribution of 34,000 breakfast solutions, commenced in February 2015 to designated schools, islandwide, on a phased basis.
- Distribution of porridge (cornmeal and cream of wheat) commenced in February 2015 to designated schools fed from the two rural plants. Porridge was served hot in insulated containers.

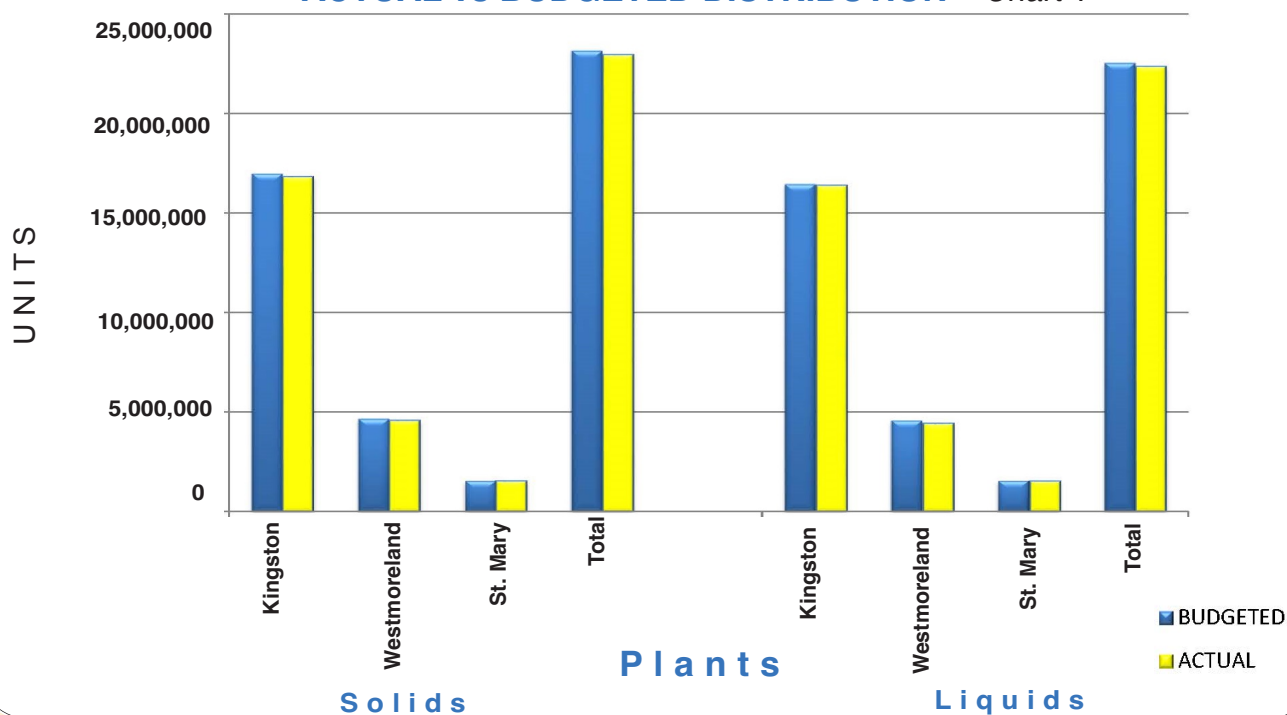
DEPARTMENT PERFORMANCE

DISTRIBUTION & WAREHOUSING

ACTUAL vs BUDGETED DISTRIBUTION - Table 1

Solid					Liquid			
	Kingston	West/land	St. Mary	TOTAL	Kingston	West/land	St. Mary	TOTAL
BUDGETED	16,969,306	4,652,895	1,540,359	23,162,560	16,453,041	4,552,095	1,540,307	22,544,993
ACTUAL	16,838,117	4,589,861	1,526,119	22,954,097	16,405,744	4,438,048	1,520,742	22,364,534
VARIANCE UNITS	131,189	63,034	14,240	208,463	47,297	114,047	19,565	180,459
VARIANCE	-0.77%	-1.35%	-0.92%	-0.90%	-0.29%	-2.51%	-1.27%	-0.80%
PERCENTAGE	99.23%	98.65%	99.08%	99.10%	99.70%	97.49%	98.73%	99.20%

ACTUAL vs BUDGETED DISTRIBUTION - Chart 1



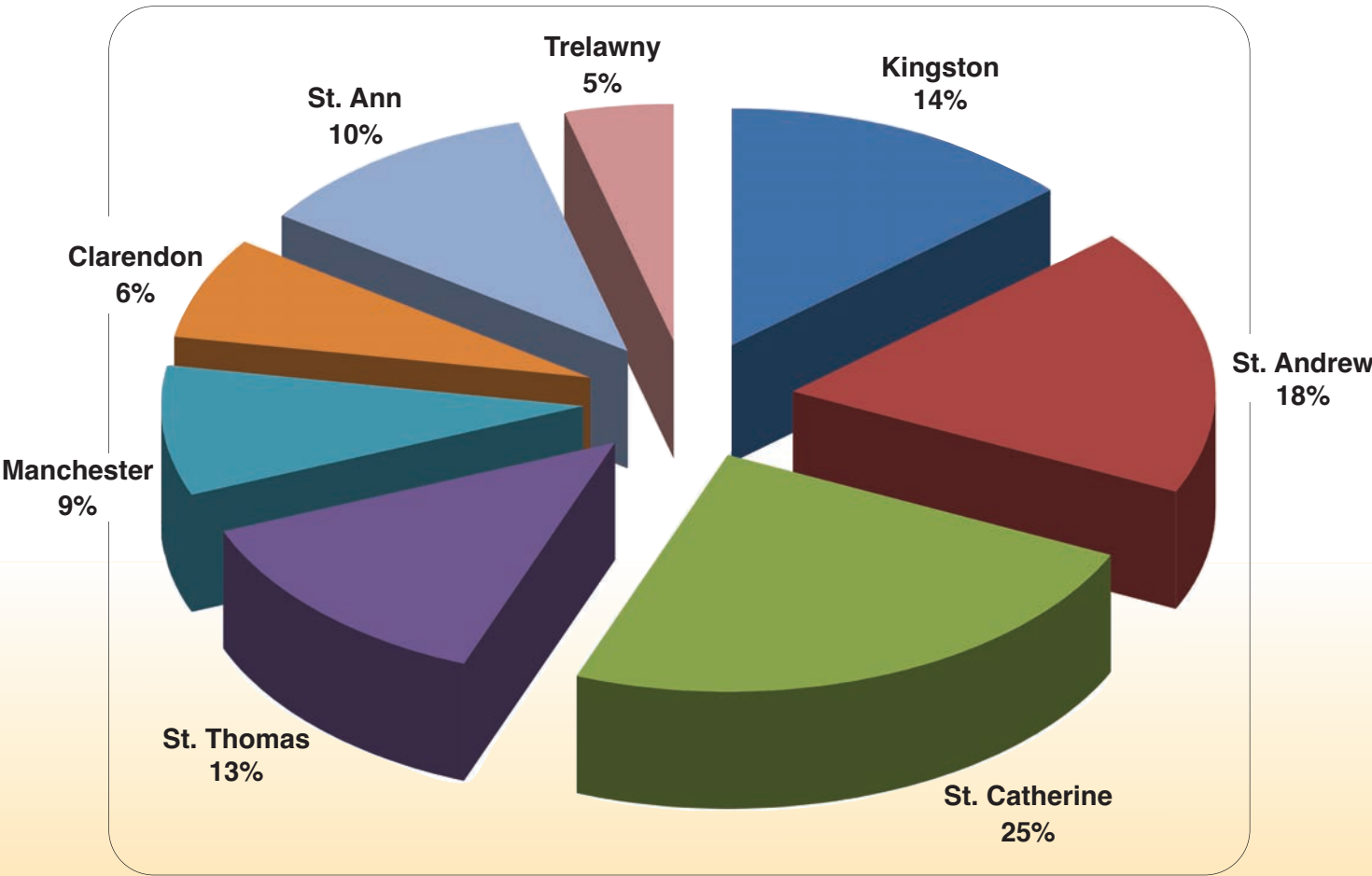
DEPARTMENT PERFORMANCE

DISTRIBUTION STATISTICAL PROFILE

KINGSTON PLANT – Table 2

Parish	KGN.	ST. ANDREW	ST. CATHERINE	ST. THOMAS	MANCHESTER	CLARENDON	ST. ANN	TRELAWNY	TOTAL
Schools served	79	103	143	73	50	36	55	26	565

SCHOOLS SERVED BY THE KINGSTON PLANT PLANT – Chart 2



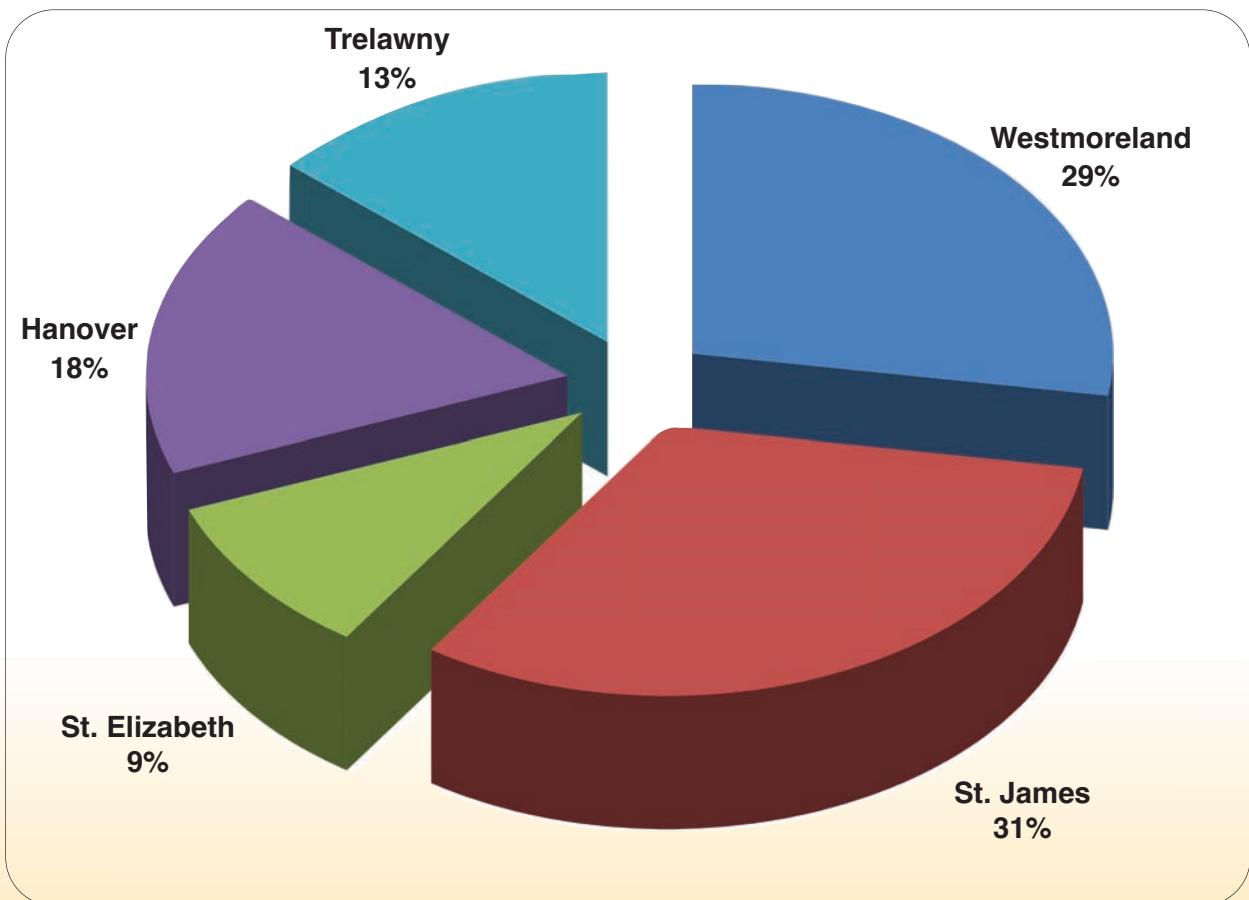
DEPARTMENT PERFORMANCE

DISTRIBUTION STATISTICAL PROFILE

WESTMORELAND– Table 3

Parish	WESTMORELAND	ST. JAMES	ST. ELIZABETH	HANOVER	TRELAWNY	TOTAL
Schools served	62	68	19	39	28	216

SCHOOLS SERVED BY THE WESTMORELAND PLANT– Chart 3



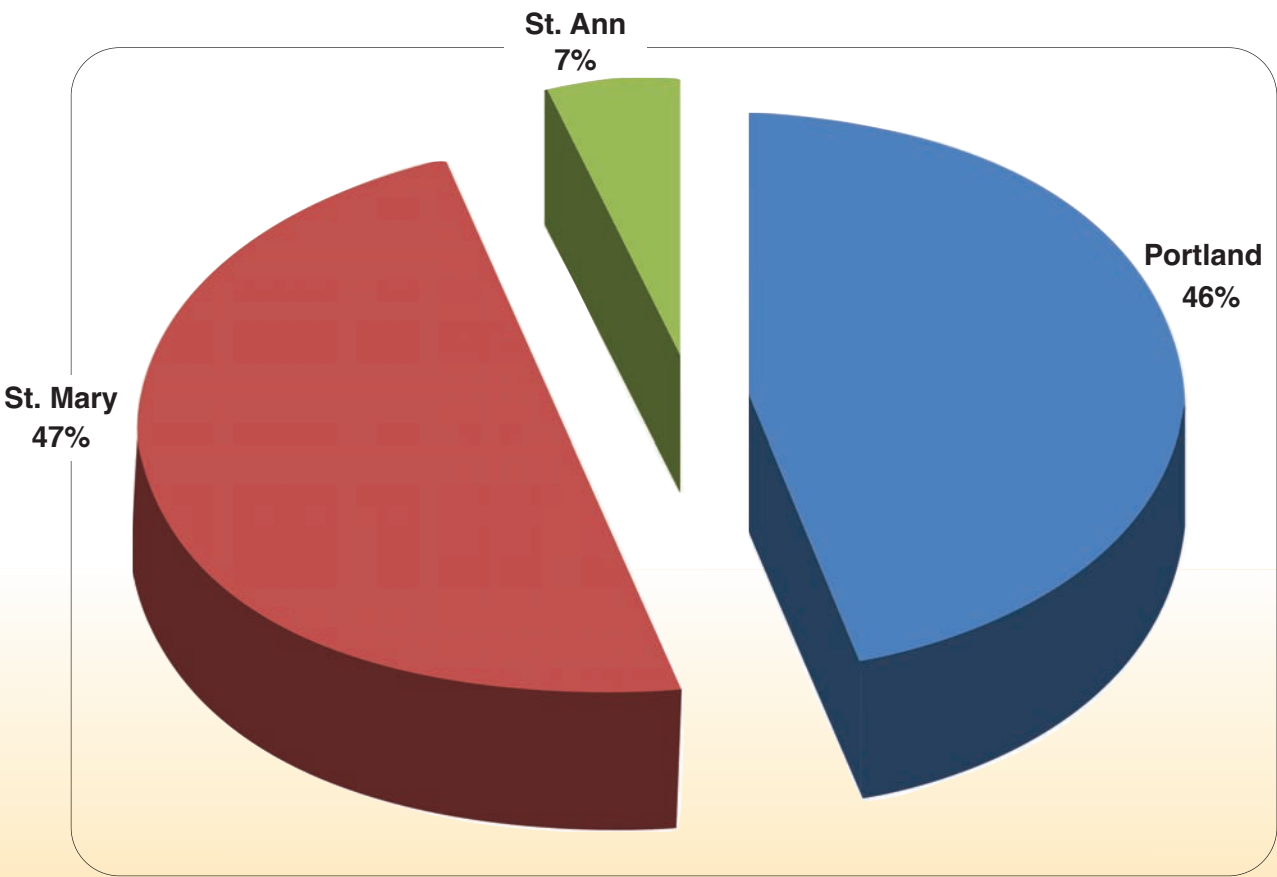
DEPARTMENT PERFORMANCE

DISTRIBUTION STATISTICAL PROFILE

ST. MARY PLANT – Table 4

Parish	ST. ANN	PORTLAND	ST. MARY	TOTAL
Schools served	6	38	39	83

SCHOOLS SERVED BY THE ST. MARY PLANT – Chart 4



DEPARTMENT PERFORMANCE

MANAGEMENT INFORMATION SYSTEM (MIS)

The Department

The MIS department consists of two (2) staff members – a Manager and a Technical Support Officer - who provide the range of services and support to maintain the effectiveness of the computer system. For some specific services, approved third party contractors are engaged.

The department continued its drive to improve the computer network and interconnected framework so as to better assist the organization in achieving a more sophisticated communication and Information technology infrastructure that will make Nutrition Products Limited more efficient, effective and productive. To support the continued improvement of our systems, the following were done:

- a) Upgrading of our manufacturing software (MiSys Manufacturing); and,
- b) Staff members were provided with the necessary training to improve user competency and familiarity with the changes in the software.

Some Key Activities during the period include:

- The development and launching of NPL's Website.
- Training of staff in the use of the MiSys Manufacturing Software.
- Continuing with the restructuring of the network for greater stability.
- Providing help desk assistance to end users.
- Upgrading of eight [8] work stations from Windows XP to Windows 8.1 Pro Operating System [OS].

The department is ever committed to maintaining a reliable Information Technology (IT) environment as well as to provide the necessary support and expertise to meet the company's standards and regulatory requirements.

DEPARTMENT PERFORMANCE

HUMAN RESOURCE AND ADMINISTRATIVE SERVICES

Value Statement

Our Human Resource practices are built on high standards of conduct, work ethics and integrity. We are responsible to the staff, their families and pensioners in the discharge of our duties and responsibilities, and are dedicated to assisting every employee to reach their full potential in performance and team work. This is mainly achieved through:

- Overseeing employee welfare and that of our pensioners (through the Board of Trustees);
- Ensuring that correct industrial relations procedures are practiced;
- Maintaining employee data in a secure and confidential environment;
- Ensuring that Human Resource policies and practices are aligned with the directives of the Board of Directors; and,
- Providing training which is aligned with the objectives of the company and satisfying identified competency gaps.

The activities of the department are reported to a Human Resource and Administrative Services Committee, a sub-committee of the Board of Directors, which meets on a monthly basis. Through this committee, an Employee Satisfaction Survey was conducted at our St. Mary Plant primarily to determine the level of satisfaction of staff in their work environment.

Areas surveyed included:

- Management/Leadership Style
- Quality of Supervision
- Interpersonal Relations Amongst Staff
- Conflict Management
- Performance Management and Motivation
- Company Loyalty and Work Ethics
- Communication

Based on the recommendations made as a result of the outcome of the survey, a number of intervention strategies were implemented to address the issues identified. Some of these strategies included scheduling specific employees for training programmes/seminars in the following areas:

- Conflict Management
- Work Ethics and Behavioural
- Stress Management
- Effective Communication
- Team Building

A similar survey will be conducted at our other Plants during the next financial year.

Training and Development Initiatives

In an effort to impart additional knowledge and skill to our employees and create/influence a more productive working environment, a number of training programmes/seminars/workshops were held for staff during the year.

- Industrial Relations Workshop (Disciplinary and Grievance Procedures) - twenty-eight Managers and Supervisors participated and were not only refreshed but also gained knowledge that will enhance their skills in handling industrial relations matters.
- Work Ethics, Personal and Career Development Seminar - twenty-three employees attended this seminar. They are now better equipped to handle interpersonal relationship matters and chart a path for future growth and development.

DEPARTMENT PERFORMANCE

HUMAN RESOURCE AND ADMINISTRATIVE SERVICES

- First Aid/CPR Workshop - attended by 138 employees across all Plants, all shifts and departments who are now better equipped to manage any incidents/accidents that may occur on the job.
- Fire Prevention & General Fire Safety Workshop – attended by 67 staff members who were shown the practical ways to prevent and if necessary, manage any type of fire that may occur in their work environment.
- Supervisory Management Seminar – attended by 22 managers and supervisors as a part of their developmental plan. This programme has given them the tools to better manage employees with varying behaviour patterns and levels of competence whilst maintaining a harmonious working environment.
- Procurement and Logistics Management Training - attended by the Procurement and Contracts Officer who has been equipped with enhanced knowledge and skills to execute the Procurement functions.
- Packaging Machine Operation Training - attended by 18 employees who either operated or maintained the packaging machine utilized in our production process. This programme has increased their level of proficiency in operating the machine and also has equipped the employee to troubleshoot in the event of a malfunction.
- Pension Reform Seminar – attended by the Trustees of our Pension Fund.
- Accident Investigation Training – attended by 23 of our supervisory staff who required formal training in how to effectively and thoroughly investigate an accident that may occur on the job, and the required follow up procedures following the investigation.

The total man-hours spent in training for the period was 2,012.

Staffing

Please see table below for staffing comparison data.

PERIOD	KINGSTON	St. MARY	WESTMORELAND	TOTAL
2011/2012	166	54	46	266
2012/2013	154	50	44	248
2013/2014	157	48	43	248
2014/2015	159	48	43	250

The staff turnover rate, during the review period, was 5.6% compared to 4.4% for the previous period. Separations comprised: one death, one retirement, one dismissal, two job abandonments and nine resignations. The resignations were for various reasons.

DEPARTMENT PERFORMANCE

HUMAN RESOURCE AND ADMINISTRATIVE SERVICES

PERIOD	AVERAGE STAFF EMPLOYED	TOTAL VACANCY CREATED	TURNOVER (%)
2011/2012	255	12	4.7
2012/2013	257	12	4.6
2013/2014	247	11	4.4
2014/2015	248	14	5.6

HR Programmes and Activities

There were a number of programmes and activities that the HR Department coordinated in response to employee welfare and to assist in student development:

- **Scholarship Programme**

The company has established a scholarship programme for children of permanent employees. The child must have a GSAT average of 60% or above to be considered. The scholarship is valued at \$8,000 per student for the academic year awarded and is renewed each year at the secondary level, if the scholarship criteria for advancement are satisfied.

For the period April 2014 to March 2015 sixteen (16) students benefited from this scholarship. One student graduated from the programme during 2014; he was successful in obtaining 9 subjects at the CXC level and was recognized for his achievement.

- **Employee Recognition**

The Employee Recognition Programme implemented is to support a culture of excellence at NPL and to encourage/reinforce commendable work habits. It is not a compensation system. At a specific time in each quarter employees are invited to submit nominations. The programme had generated interest amongst staff members and so nominations were received for each of the three quarters in 2014/2015. Two employees were selected/recognised; one was selected/recognised in two quarters and was eventually recognised as the Employee of the Year for 2014. Pictures of selected/recognised employees were displayed at all plants; they received special commendation from the General Manager and formal recognition at staff meetings.

- **Summer Employment - Students**

Through the Human Resource and Administrative Services Department, NPL offered summer employment/work experience to a total of fourteen (14) students for the months of July and August 2014. They were placed in different departments where they were exposed to various functions within their capabilities whilst making a meaningful contribution to the department's output.

DEPARTMENT PERFORMANCE

HUMAN RESOURCE AND ADMINISTRATIVE SERVICES

At the start of the programme, a representative from the HEART Trust NTA, was invited to speak to the students on work ethics, the corporate business world and the various opportunities HEART Trust offers. The students were also encouraged to note their experiences in the work environment prior to leaving. Each received a Certificate of Participation at the end of the period.

A summary of their stated experience and general overview of the organization during their tenure were:

- Their appreciation for the opportunity provided to link the real life operations of the business to the theory they were learning in their respective course of study.
- They learned what good work ethics were and felt more mature as a result.
- They indicated that their time was well spent and they made a number of acquaintances in the process.

• External Education Institutions

NPL, through the HR Department, entered into arrangements with the Caribbean Maritime Institute to take 3 Industrial Engineering students and one Logistics and Chain Management student on work experience during the year. These students were assigned to the Maintenance Department and the Warehouse and Distribution department respectively. Their performance and work attitude were commendable and the HR Department will be exploring further opportunities with educational institutions to offer students the opportunity to experience the work environment.

• National Youth Services [NYS]

Through the HR Department, NPL also partnered with the NYS to facilitate the placement of two (2) individuals for three weeks under our Summer Employment Programme. The students also expressed their appreciation at being exposed to a work environment in which they not only learned but were able to contribute.

• Health Fair

A Health Fair was held at all three NPL locations and the participation of staff members was overwhelming. The presentations were very informative and interactive. The staff also received free services such as: Counselling in general health issues/concerns and life style, HIV Testing, Blood Pressure and Glucose Sugar Tests.

The entities that participated were:

- Ministry of Health
- The National Family Planning Board & the HIV Bus
- Health Systems Improvement Unit (GOJ Health Card)
- The Jamaica Cancer Society
- Proactive Lifestyle

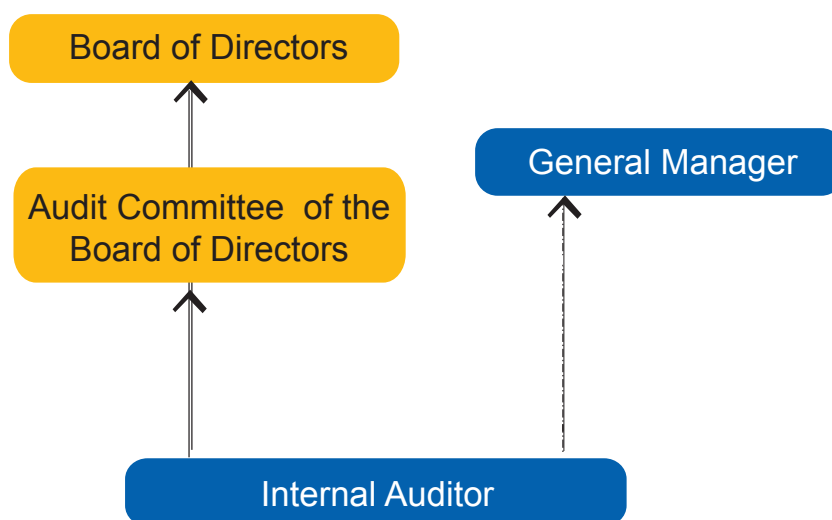
All employees welcomed the opportunity to participate and expressed their appreciation at having certain vital health signs checked free of cost. They indicated that with the knowledge gained, they will be in a better position to make informed decisions regarding their health.

DEPARTMENT PERFORMANCE

INTERNAL AUDIT

The internal Audit Unit is comprised of an Internal Auditor and an Assistant Internal Auditor. The unit provides management with an independent appraisal of the internal control system as a service to the organization. It objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper economic and effective use of resources. Also, recommendations are made to improve the organization's operations.

The Internal Auditor has a dual reporting relationship. The incumbent reports functionally to the Board of Directors through the Audit Committee and administratively to the General Manager. *See illustration below:*



The table below illustrates planned and actual number of audits conducted by the Internal Audit Department:

Audit	Planned	Actual
Financial	7	5
Operational	5	3
Special Audit	0	2
	12	10

From the audits conducted, three reports were produced and presented to the Audit Committee of the Board. Quarterly meetings were held by the Committee to discuss the findings and recommendations. The following is an outline of the improvements that were achieved as a result of the findings and recommendations:

- Improvement in controls governing the use of Advance Cards for motor vehicles;
- Establishment of a Staff Recruitment and Training Policy;
- Improvement in controls governing inventory disbursement; and,
- Improved awareness of the procurement guidelines relating to contracts.

DEPARTMENT PERFORMANCE

FINANCE & PROCUREMENT

FINANCE

The principal duties/functions of this section of the department include the following:

- Ensuring the integrity of the organization's financial statements.
- Ensuring compliance with legal, regulatory, statutory and other relevant requirements in regard to financial transactions and information.
- Reviewing all financial information published by the company.
- Ensuring that all divisions are being operated in a cost effective manner.
- Ensuring that working capital is available for the daily operation of the business.
- Timely and accurate publishing of financial reports to our stakeholders and the public at large, in keeping with the relevant regulations.
- Monitoring the performance of the external auditors.
- Preparing budget for approval and constantly reviewing and monitoring approved budgets.

PROCUREMENT AND CONTRACTS

The Procurement and Contracts section of the department has the sole responsibility for all purchasing and contractual activities of the company, ensuring that quality goods, services and works are acquired on a timely basis and at the most economical cost.

The responsibility of the Procurement and Contracts section is effectively carried out when the duties below are performed:

- Planning, directing and controlling all activities related to the procurement of goods, services and works.
- Ensuring proper coordination of all procurement activities, taking into account all lead times of the procurement process.

The procurement of goods, services and works are guided by the method of procurement which will be used. The choice of procurement method depends on:

1. The nature of the goods, services and works to be procured;
2. The value of the procurement;
3. The likelihood of interest by a foreign bidder, which is a function of the local availability, capacity and cost;
4. Critical dates for delivery; and,
5. Transparency of the procedures practiced.

This section's mandate is to procure goods, services and works of the highest standard and in a cost effective manner. The section also consistently maintains cordial relations with other departments and existing suppliers and fosters new relationships with potential suppliers both locally and overseas.

The Finance and Procurement Department is headed by the Financial Controller, assisted by the Receivables Accountant and the Payables Accountant.

The Receivables Accountant supervises the invoicing and receivables as well as the inventory and fixed assets. The Payables Accountant supervises the payables and payroll areas.

DEPARTMENT PERFORMANCE

FINANCE & PROCUREMENT

The year's major activities include:-

1. Purchasing of Local Agricultural Items:

In an effort to acquire more economical cost for local agricultural inputs, the department worked in collaboration with local agencies such as RADA, the Banana Board and the Jamaica Egg Farmers Association to purchase the agricultural items used to produce breakfast solutions. The agricultural items include carrots, banana, liquid eggs, onions, lettuce and tomatoes.

2. Greater Economies of Scale:

Direct procurement of major materials (Flour, Sugar and Dried Skimmed Milk) at lower cost than if purchased through third parties, thereby achieving greater economies of scale.

DEPARTMENT PERFORMANCE

KEY FINANCIAL PERFORMANCE INDICATORS

BALANCE SHEET	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Current Assets	139,829	105,966	69,687	72,477	71,391
Current Assets	217,072	75,162	54,376	39,911	91,645
Current Liabilities	179,339	89,793	79,373	99,632	69,127
Inventories	27,230	38,534	19,938	13,794	22,499
Receivables	14,722	7,483	9,134	9,642	8,521
Payables	104,315	84,089	75,804	96,063	66,940
Cash & Equivalents	171,956	20,782	16,856	7,963	45,491

PROFIT & LOSS	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	954,475	877,937	823,336	780,677	802,569
Manufacturing Cost	690,979	661,928	567,514	616,726	669,726
Administrative Expenses	111,582	83,771	91,770	101,712	105,427
Distribution Cost	99,415	104,238	128,465	145,215	149,683
Pre-tax Profit/(Loss)	61,245	28,060	35,587	(82,976)	(122,267)
After-tax Profit/(Loss)	60,963	27,667	35,503	(83,006)	(123,967)

KEY RATIOS	2015	2014	2013	2012	2011
Operating Surplus to Revenue	10.0%	3.2%	4.3%	-10.6%	6.8%
Operating Surplus to Total Assets	20.0%	15.3%	28.6%	-73.9%	-76.0%
Inventory Turnover	20.0	11.5	15.4	17.0	12.0
Day Sale O/s	45.5	49.9	48.0	46.8	79.1
Current Ratio	1.2	0.8	0.7	0.4	5.7
Quick Ratio	1.1	0.3	0.3	0.2	4.5

FINANCIAL OVERVIEW

The 2014/2015 financial year ended on a very positive note, with a surplus of \$60.96 Mio, a 120% improvement over last year's performance. The Board and Management maintained the strategic focus of cost containment and improved efficiencies and effectiveness in the operations.

DEPARTMENT PERFORMANCE

KEY FINANCIAL PERFORMANCE INDICATORS

OUTLOOK

There will be a concerted effort of continuous improvements in the production process which should produce further positive results in the lowering of cost and improved quality of all our products. Major emphasis will be on the production of breakfast offerings to the nation's children; breakfast being the most important meal of the day.

DEPARTMENT PERFORMANCE

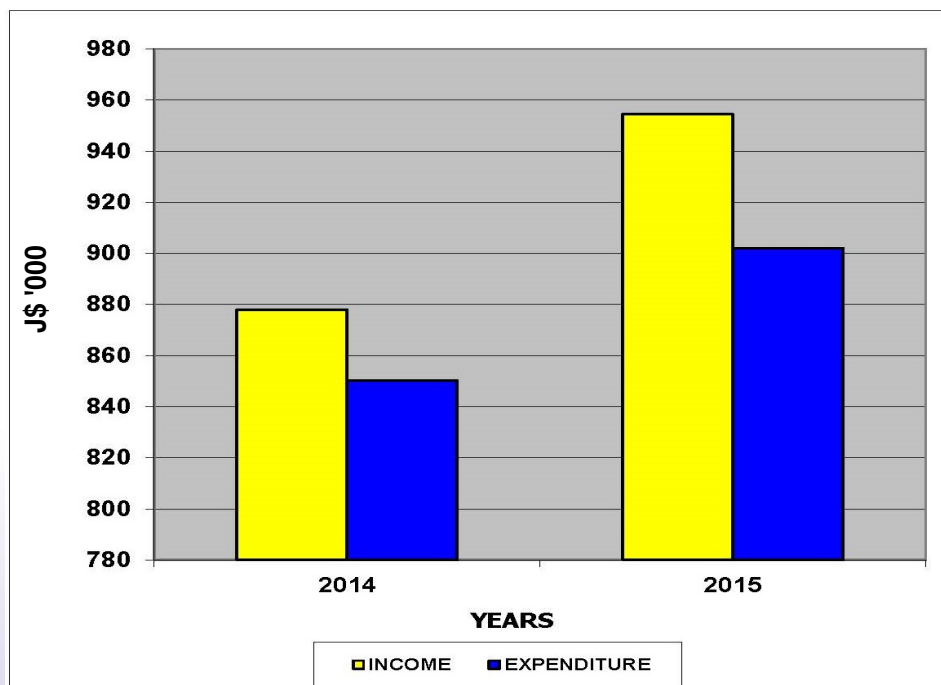
FINANCE AND ACCOUNTING STATISTICAL PROFILE

- Income vs Expenditure 2014 – 2015 (See page 28)
- Income vs Expenditure 5 year comparison data (See page 29)
- Operating Expenses for year ended March 2015 (See page 30)
- Operating Expenses (by category) 5 year comparison data (See page 31)
- Factory cost of production for year ended March 2015 (See page 32)
- Factory cost of production 5 year comparison data (See page 33)

INCOME VS EXPENDITURE FOR PERIOD 2014 - 2015 (J\$Mio) -Table 1

YEARS	2014	2015
	\$'000	\$'000
INCOME	877,937	954,475
EXPENDITURE	850,270	901,976

INCOME VS EXPENDITURE FOR PERIOD 2014 - 2015 -Chart 1



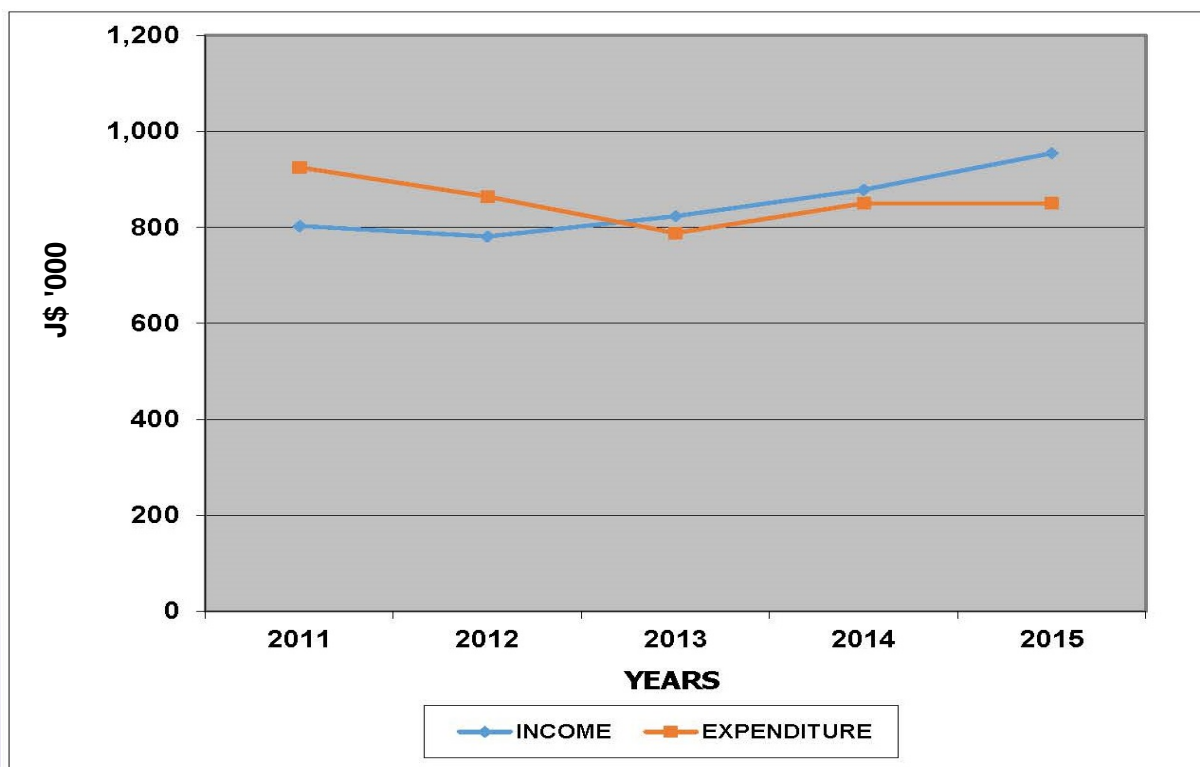
DEPARTMENT PERFORMANCE

FINANCE AND ACCOUNTING STATISTICAL PROFILE

INCOME vs EXPENDITURE FIVE YEAR COMPARISON DATA (J\$Mio) - Table 2

YEARS	2011	2012	2013	2014	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME	802,569	780,677	823,336	877,937	954,475
EXPENDITURE	924,836	863,653	787,832	850,270	901,976

INCOME vs EXPENDITURE FIVE YEAR COMPARISON DATA (J\$Mio) - Chart 2



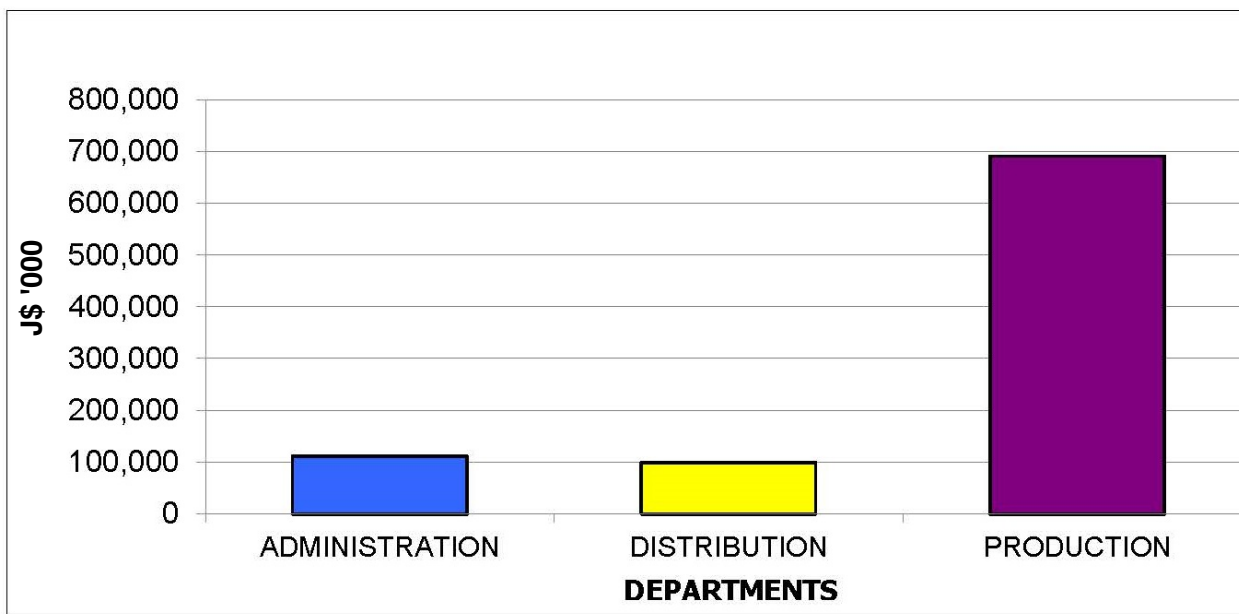
DEPARTMENT PERFORMANCE

FINANCE AND ACCOUNTING STATISTICAL PROFILE

OPERATING EXPENSES FOR YEAR ENDED MARCH 2015 (J\$Mio) - Table 3

Departments	Administration	Distribution	Production	Total
	\$'000	\$'000	\$'000	\$'000
OPERATING EXPENSES	111,582	99,415	690,979	901,976
PERCENTAGE	12.37%	11.02%	76.61%	100%

OPERATING EXPENSES FOR YEAR ENDED MARCH 2015 (J\$Mio)- Chart 3



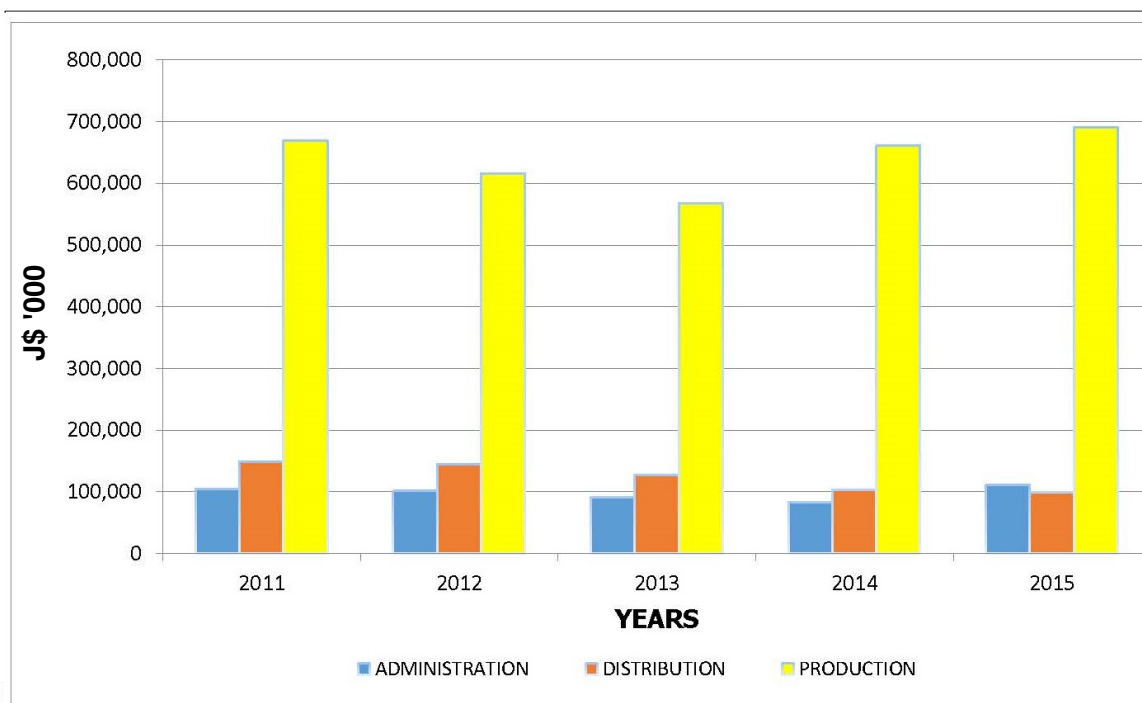
DEPARTMENT PERFORMANCE

FINANCE AND ACCOUNTING STATISTICAL PROFILE

OPERATING EXPENSES (BY CATEGORY) FIVE YEAR COMPARISON DATA (J\$Mio) - Table 4

YEARS	2011	2012	2013	2014	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
ADMINISTRATION	105,375	101,712	91,770	83,711	111,582
DISTRIBUTION	149,683	145,215	128,465	104,238	99,415
PRODUCTION	669,726	616,726	567,514	661,928	690,979

OPERATING EXPENSES (BY CATEGORY) FIVE YEAR COMPARISON DATA (J\$Mio) - Chart 4



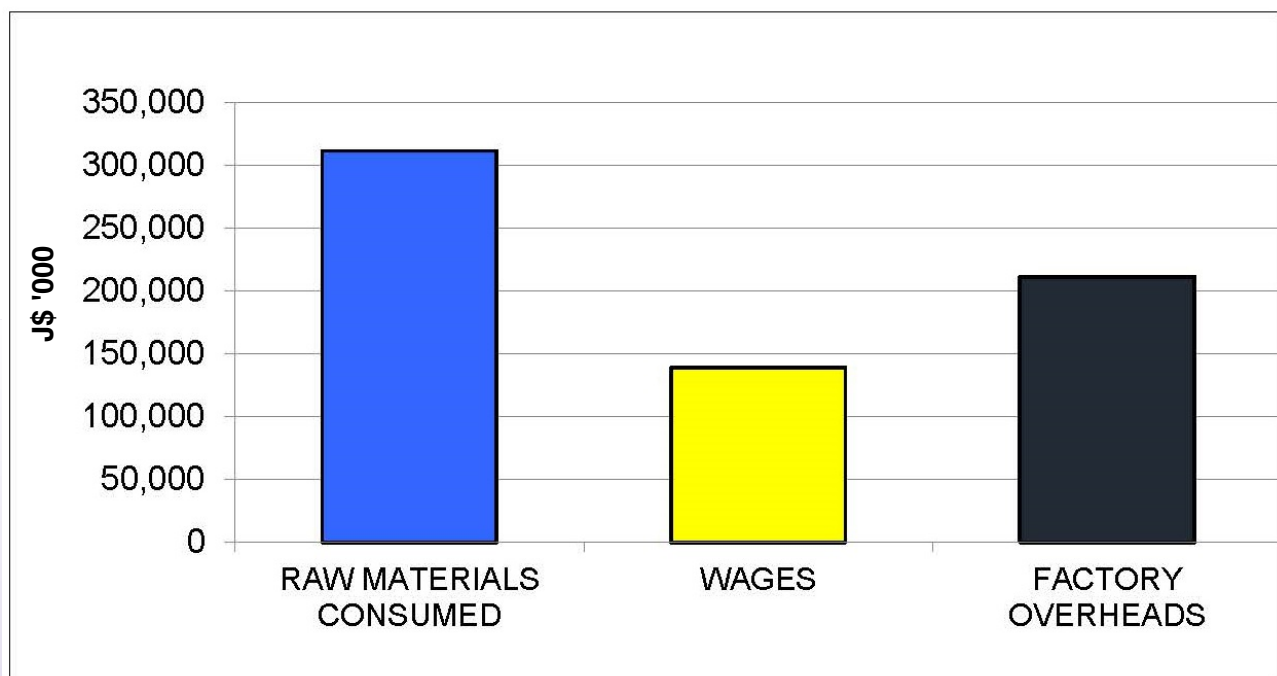
DEPARTMENT PERFORMANCE

FINANCE AND ACCOUNTING STATISTICAL PROFILE

FACTORY COST OF PRODUCTION FOR YEAR ENDED MARCH 2014 (J\$Mio) - Table 5

	Raw Materials Consumed	Wages	Factory Overheads	Total
	\$'000	\$'000	\$'000	\$'000
MANUFACTURING COST	339,519	145,031	206,474	690,979
PERCENTAGE	49.14%	20.99%	29.87%	100%

FACTORY COST OF PRODUCTION YEAR ENDED MARCH 2014 (J\$Mio) - Chart 5



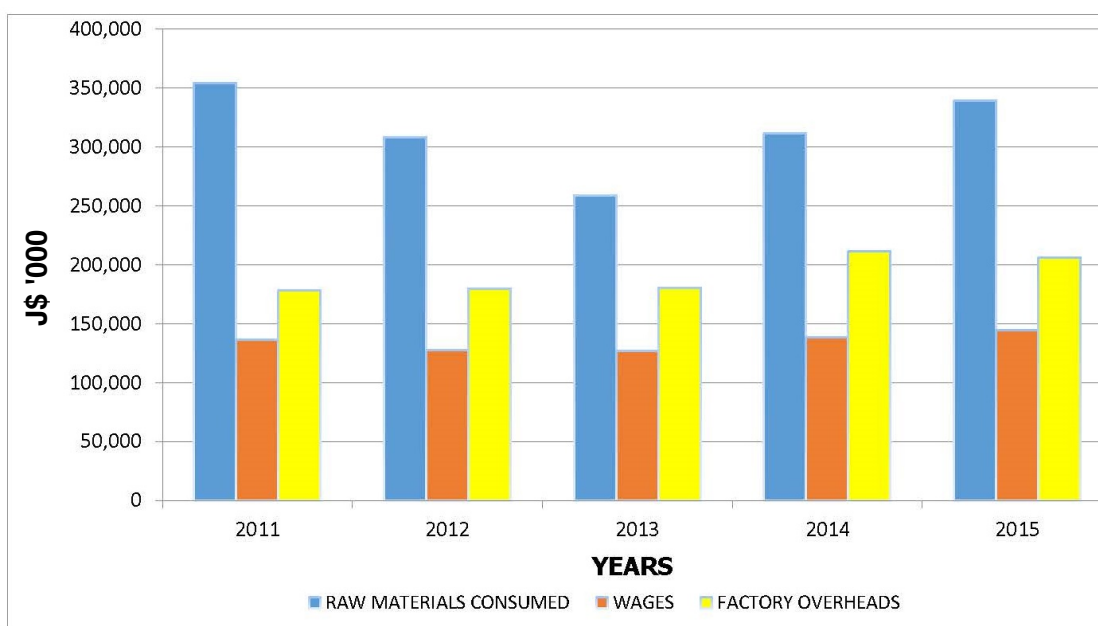
DEPARTMENT PERFORMANCE

FINANCE AND ACCOUNTING STATISTICAL PROFILE

FACTORY COST OF PRODUCTION FIVE YEAR COMPARISON DATA (J\$Mio) - Table 6

YEARS	2011	2012	2013	2014	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
RAW MATERIAL CONSUMED	354,812	308,797	259,284	311,590	339,519
WAGES	136,474	127,828	127,404	138,464	145,031
FACTORY OVERHEADS	178,440	180,101	180,826	211,474	206,429

FACTORY COST OF PRODUCTION FIVE YEAR COMPARISON DATA (J\$Mio) - Chart 6





NUTRITION PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT &

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

