

NUTRITION PRODUCTS LIMITED

Serving Jamaica's Children since 1973



*Annual*

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REPORT

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— 2015 - 2016 —

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## Financial Statements

Financial Statements



## *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**

Chief Executive Officer



**Josiah Williams**

Operations Manager



**Headly O'Connor**

Financial Controller



**Philip Hunter**

Human Resource &  
Administrative Services  
Manager



**Darryl Nelson**

Distribution/Warehouse  
Manager



**Lanceford Gordon**

MIS Manager

# SENIOR EXECUTIVE/ MANAGEMENT COMPENSATIONS

Position of Senior Executive & Managers	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 \$
C.E.O	15/16	3,516,864	N/A	4,704,833	N/A	257,334	N/A	8,479,031
Operations Manager	15/16	2,361,639	N/A	643,128	N/A	N/A	N/A	3,004,767
Human Resource & Administrative Services Manager	15/16	2,087,345	N/A	643,128	N/A	N/A	N/A	2,730,473
Financial Controller	15/16	2,361,639	N/A	643,128	N/A	N/A	N/A	3,004,767
Distribution & Warehouse Manager	15/16	1,808,871	N/A	643,128	N/A	N/A	N/A	2,451,999
M.I.S Manager	15/16	1,506,836	N/A	643,128	N/A	N/A	N/A	2,149,964

# DIRECTORS' COMPENSATION

## 2015 - 2016

	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	278,000	92,400	N/A	N/A	370,400	
	Finance & Procurement Chairman	222,500	94,496	N/A	N/A	316,996	
	Audit Committee Chairman	148,000	64,400	N/A	N/A	212,400	
	Operations & Quality Assurance Chairman	163,500	58,800	N/A	N/A	222,300	
	HR & Administrative Services Committee Chairman	268,500	112,000	N/A	N/A	380,500	
	Director	89,000	39,200	N/A	N/A	128,200	
	Director	154,500	75,600	N/A	N/A	230,100	
	Director	172,000	275,200	N/A	N/A	447,200	
	Director	170,000	72,800	N/A	N/A	242,800	
	Director	152,500	64,400	N/A	N/A	216,900	
	Director	205,000	112,000	N/A	N/A	317,000	
	Director	133,500	56,000	N/A	N/A	189,500	



# DIRECTORS' ATTENDANCE: BOARD AND COMMITTEE MEETINGS

## APRIL 1, 2015 – MARCH 31, 2016

*The following table shows the composition of the Committees and Directors' attendance at meetings 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	12	4	13	11	5
Mr. James E. D. Rawle	12					
Mr. Alex Drysdale	12	12				5
Ms. Audrey Johnson	12			10		3
Dr. David McBean	10				10	
Mr. Cleve McKenzie	12			13		5
Mr. Anthony O'Conner	11		4	13		
Mr. Sandor Pike	10				7	
Mr. Trevor Riley	8		3			
Ms. C. Helen Robertson	12	12	3		11	
Dr. Suzanne Soares-Wynter	11		3		10	
Mr. Emile Spence	10	12		13		5
Mrs. Andrea Sweeney	9	7	4			

# CHAIRMAN'S REPORT



**T**he overall performance for the year was good as the organization continued to build on the gains of prior years, while again delivering on its mandate and mission. The mindset of continuous improvement is now firmly embedded, and will no doubt continue to drive organizational culture and performance to the ultimate benefit of the school feeding programme.

The table “Key Performance Indicators 2012-2016” (page 9), summarizes the evolution of key indicators and provides an overview of the evolution of the organization’s performance. Additional details may be found in the various sectional reports and the Audited Financial Statements that are integral parts of this Annual Report.

The shift to increase the proportion of Breakfast Solutions in the year is evident (Table: Key Performance Indicators 2012-2016 - page 9), with 25% of solutions being breakfast versus 9.7% in the prior year. Breakfast Solutions being of improved nutritional profile, incorporating more local agricultural products as raw materials, and being individually packed for improved hygiene, safety and shelf life are more costly to produce (than snacks) – this along with the absorption of \$49.6Mio in G.C.T. charges, resulted in a higher total average delivered cost of each solution versus the prior years.

Upgrading of plant and equipment, training in Good Manufacturing Practices, hygiene and safety continued, as did product improvement and product developmental work, including the production and distribution of several lots of flavoured milk. As noted in the prior year’s report, the capacity and capabilities of the organization have

been considerably expanded to produce higher volumes, and a wider variety of nutritious solutions for the broader school feeding programme at commercially competitive rates and prices.

On behalf of the Board of Directors, I thank the Management and Staff for their efforts and exemplary commitment for yet another year. I also thank my fellow Directors for their continued focus, professionalism and unreserved support for the organization.

A handwritten signature in blue ink, appearing to read 'James E.D. Rawle', written over a horizontal line.

**James E.D. Rawle**  
Board Chairman

# CHIEF EXECUTIVE OFFICER'S REPORT



The year was yet another satisfactory one, in which the organization continued its impressive record of performance, innovation and leadership.

I acknowledge with much humility, the hard work and total commitment to duty of the Board of Directors and the Management and Staff of Nutrition Products Limited (NPL), which resulted in this successful year. Working together in a responsible way made it possible for us to achieve the results we desired for ourselves and the growing needs of the nation's children.

## KEY HIGHLIGHTS:

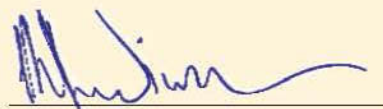
The credible performance of NPL which gave rise to the year's success include the:-

- Continued product development and innovation - targeting improved nutritional profile of the products. This resulted in an expanded suite of products.
- Continued support to the enrichment of health, education and security of our valuable beneficiaries/students through the provision of new and exciting quality products, hence satisfying their increasing sophisticated demands.

- Constantly making the necessary strategic shift in our thinking to embrace change and innovation needed to respond to the dynamic environment in which we operate.
- Board's continued commitment to ethical business conduct and to nation building, mainly through:-
  - The promotion of good governance in the performance of their duties and leadership in the operation of the organization; as well as,
  - The continued improvement of the students' confidence through the continual effective/ excellent execution of the mandate given to NPL to address their increasing needs/demands, hence supporting education through nutrition.
- Timely disbursement of subventions by the Ministry of Education, allowing for tight treasury management and cash flows.
- Flexibility and adaptability of the entire workforce, including third party contractors, who all work in unity to make NPL a stronger and even more respected entity.

The NPL Team has always been mindful of the pivotal role it plays in the Government's School Feeding Programme, and we have always taken this responsibility very serious. Hence, NPL will continue to give its unqualified commitment to national development through good nutrition with the provision of quality meals to the nation's children; nutrition is paramount to educational success.

I take this opportunity to extend my gratitude to, and admiration for the dedicated group of individuals - the Board of Directors, Management Team and all other team players - who continued to make a difference in the lives of the children we serve in so many ways.



Orville Lewinson  
C.E.O



# KEY INDICATORS

## Selected Key Performance Indicators

2012/2013 - 2015/2016

Description		2015/2016	2014/2015	2013/2014	2012/2013
1.	Units produced and distributed	22,047,000*	22,951,071*	22,987,835*	20,793,253
		Breakfast 5,497,774 Lunch 16,549,226	Breakfast 2,229,314 Lunch 20,721,730	Breakfast 761,284 Lunch 22,226,551	
2.	Electricity Usage:				
	Units produced/100 Kwh	2,537	2,771	2,756	2,437
3.	Water Usage:				
	Units produced/100 Litres water	69	67	87	67
4.	Total Administrative Expenses				
	(\$Mio)	141.8**	111.6**	83.7	91.8
5.	Total Distribution Costs				
	(\$Mio)	108.0	99.4	104.2	128.5
6.	Total Delivered Cost of each				
	Snack/M meal Solution	47.1***	38.16***	36.99	37.89
	(\$)				
7.	Surplus/(Deficit)				
	(\$Mio)	73.2	60.96	27.7	35.5

### KEY:

\* Snack/Breakfast

\*\* Includes new GCT charges of \$49.67Mio vs. \$26 Mio for 2014/2015

\*\*\* Increasing the proportion of more costly breakfast solutions plus G.C.T. charges:

- 5.5Mio breakfast solutions – 2015/2016;
- 2.2Mio breakfast solutions – 2014/2015;
- 0.76Mio breakfast solutions – 2013/2014.

# DEPARTMENT PERFORMANCE

April 2015 - March 2016

# DEPARTMENT PERFORMANCE

## PRODUCTION

The Production Department is responsible for planning, coordinating, directing, monitoring and controlling all activities required to fulfill 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. At each manufacturing location (Plant), the Production department is divided into two major sections - the Bakery and Liquid processing, with each plant given its quota of solids (baked products) and liquid (juice drink, flavoured drink and porridge) of the overall production.

### **Key achievements for the year under review include:**

- Production of both solids and liquid for the period was 100% of planned production for both sections. (See Tables and Charts on pages 13 -14).
- The continued expansion of the breakfast programme islandwide from 34,000 solutions daily (islandwide) to 52,000, resulting in both rural Plants being incorporated in this programme for the school they feed.
- Increase in the number of sandwiches (chicken, corned beef and cheese) for the breakfast programme.
- Quality assurance focus on both Plant and product safety continued to the extent that external product analyses for the year totaled one hundred and seventy-nine (179) up from one hundred and forty-five (145) in the previous year.

### BAKERY SECTION

The budgeted production output for the Bakery was achieved. This level of achievement is invariably the

result of teamwork, demonstrated by the various individuals and departments involved.

The department produced 16,549,226 units (bullas, rock cakes and spice buns) for the lunch programme and 5,497,774 units (carrot bread, banana bread, carrot muffin, banana muffin and sandwiches) for the breakfast programme.

Local agricultural produce (carrots, bananas, ginger, mixed peel, lettuce and tomatoes) consumption increased multiple times, as our breakfast offerings (especially sandwiches which utilizes most of these items) were significantly increased.

Product quality, improved efficiency and waste reduction continued to be the department's byword.

### LIQUID PROCESSING SECTION

The Liquid Processing section actually exceeded its budgeted target of 19,340,000 units by 3%. This was also due to the inevitable outcome of teamwork and the cooperation of all parties concerned. The section produced 15,483,236 units of fortified flavoured drink for the lunch programme and 4,497,130 units of a mango and pineapple juice drink - made from concentrate and/or local fruit puree, along with 1,802,187 units of porridge for the breakfast programme.

### BREAKFAST SOLUTIONS

Breakfast solutions increased islandwide from 34,000 solutions daily to 52,000. The offerings for breakfast are:-

- Sandwiches (chicken, corned beef and cheese)
- Muffins (Banana, Carrot)
- Breads (Banana, Carrot)
- Porridge (Cornmeal, Cream of Wheat)



# DEPARTMENT PERFORMANCE

- Fruit Drink (made from concentrate and local seasonal fruits).

This increase in the number and mix of breakfast solutions significantly increased the quantity of local agricultural materials (lettuce, tomatoes, liquid whole eggs, carrots and ripe bananas) used in the programme.

## QUALITY & SAFETY

NPL plays a pivotal role in the Government's School Feeding Programme in supporting development through the production and distribution of nutritious meal solutions. The Quality Assurance (QA) system implemented by NPL guides our operations, thereby assuring the safety of our products.

To illustrate this, external analyses increased to one hundred and seventy-nine (179), up from one hundred and forty-five (145) in the previous year. In-house quality assurance audits were also increased in both scope and frequency.

Consequently, the company's credibility is beyond reproach. This in turn increased the confidence of the

nation's children and stakeholders in the assurance that the meal solutions produced and distributed meet the specified requirements established by our regulators.

With regard to safety, the department continued to execute its in-house schedule and random audits, identifying and eliminating safety hazards, thus ensuring a safe and hygienic work environment was maintained at all times.

Random audits were also carried out by our external regulators (Public Health, Ministry of Labour, Fire Brigade, etc.) and their recommendations "taken on board". For example, all wooden partitions in the first floor lobby area were removed and replaced with non-combustible materials in accordance with the Jamaica Fire Brigade dictates.

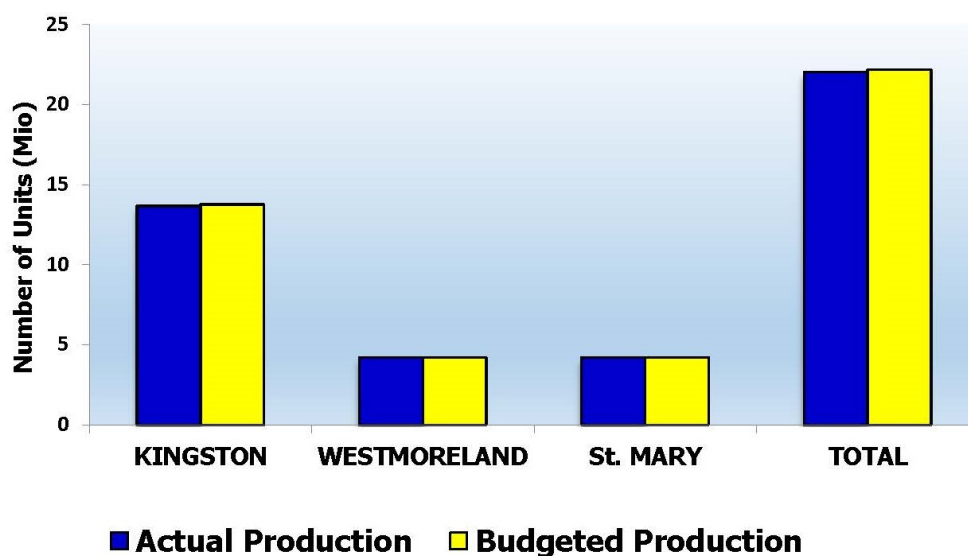
With the assistance of the Human Resource Department, a training programme entitled "Occupational Health and Safety in the Workplace" was developed. The programme targeted especially newly employed staff and contract workers, with a view to increase their awareness as it relates to occupational health and safety. The content was tailored specifically for NPL employees with amendments to suit the processes, location and departments.

# DEPARTMENT PERFORMANCE

**PRODUCTION OF SOLIDS - Table 1**

	Actual Production	Budgeted Production	Variance (Value)	Variance (%)
<b>Kingston</b>	13,662,563	13,773,804	-111,241	-0.808
<b>Westmoreland</b>	4,192,627	4,203,606	-10,979	-0.261
<b>St. Mary</b>	4,191,810	4,217,767	-25,957	-0.615
<b>Total</b>	22,047,000	22,195,227	-148,227	-0.668

**PRODUCTION OF SOLIDS - Chart 1**



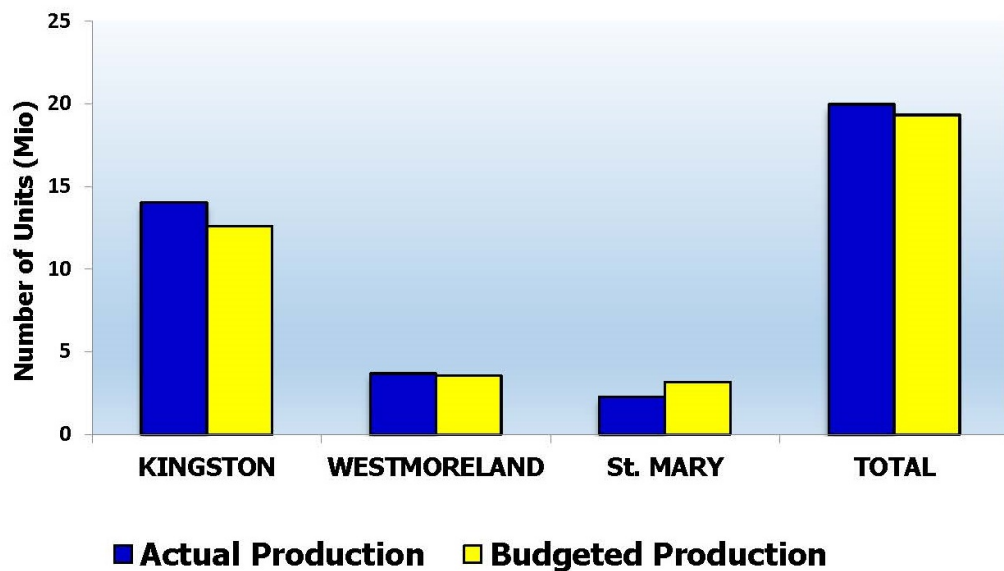
# DEPARTMENT PERFORMANCE

**PRODUCTION OF LIQUID - Table 2**

	Actual Production	Budgeted Production	Variance (Value)	Variance (%)
<b>Kingston</b>	14,043,720	12,603,850	1,439,870	11.42
<b>Westmoreland</b>	3,681,176	3,563,182	117,994	3.31
<b>St. Mary</b>	2,255,470	3,173,857	-918,387	-28.94
<b>Total</b>	19,980,366	19,340,889	639,477	3.31

**Note:** 1.8 million units of porridge was produced in addition to the actual quantity of liquid.

**PRODUCTION OF LIQUID - Chart 2**





# DEPARTMENT PERFORMANCE

## DISTRIBUTION & WAREHOUSING

The Distribution and Warehouse Department is responsible for ensuring that good quality products are being produced, and consistently distributed on a timely basis through the:

- Guaranteeing that raw materials used are of high quality standards.
- Proper warehousing/dispatching of raw materials.
- Proper storage and transporting of the finished products island wide.

The actual delivery of solid and liquid compared to planned delivery for the year was 99 percent for both. (See *Tables & Charts on pages 16 -19*).

The one percent shortfall was due to a reduction in the schools' demand because several school activities were held 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:***

- The construction and furnishing of a sterile room strictly for the batching of raw materials and ingredients used in the production process.
- The pre-proportioning of raw materials as per recipe/formulation (batching) before issuing to the production floor, commenced in September 2015. This has aided significantly in the areas of finished products standardization, consistency and the overall quality of the products.
- An increase in the daily number of units of breakfast solutions delivered islandwide from 34,000 to 52,000. Breakfast was delivered from all three Plants and included sandwiches (chicken, cheese and corned beef), carrot/ banana muffins/bread, porridge (cornmeal and cream of wheat) and mango and pineapple juice drink.

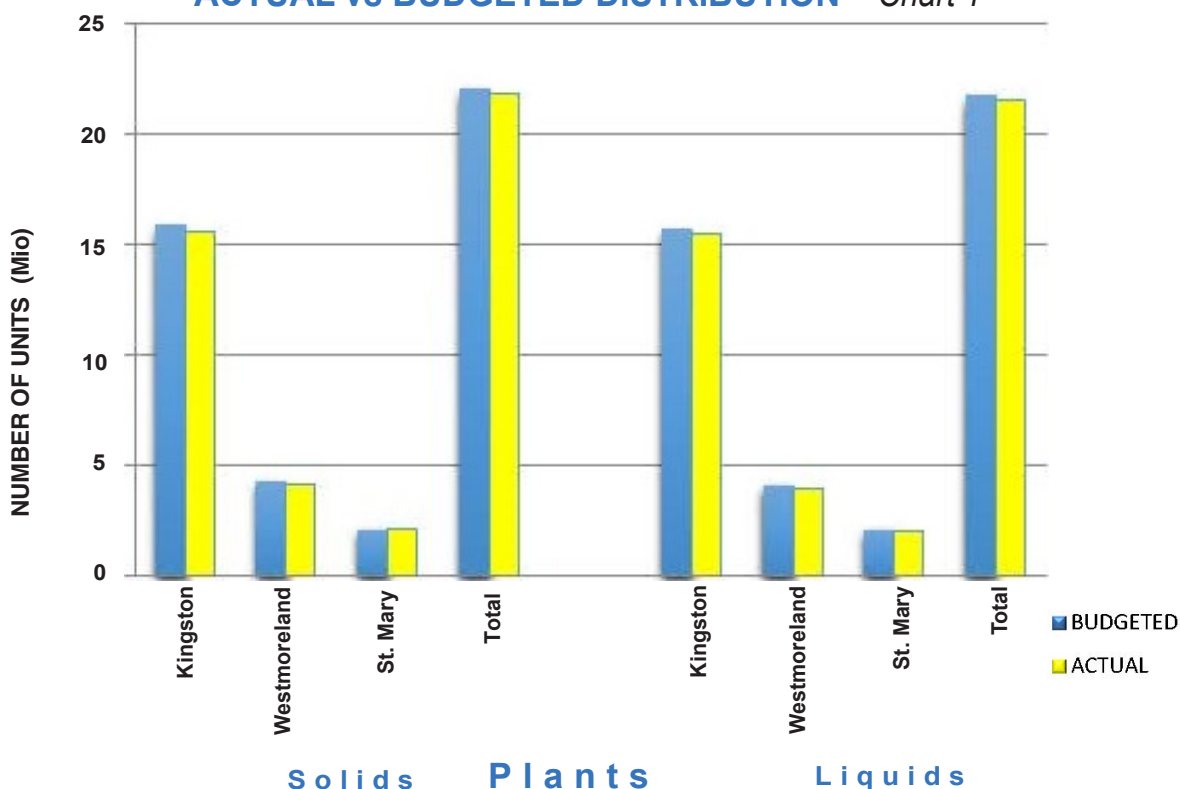
# DEPARTMENT PERFORMANCE

## DISTRIBUTION & WAREHOUSING

ACTUAL vs BUDGETED DISTRIBUTION - Table 1

Solid					Liquid			
	Kingston	West/land	St. Mary	TOTAL	Kingston	West/land	St. Mary	TOTAL
BUDGETED	15,840,194	4,203,640	2,012,260	22,056,094	15,650,045	4,068,646	2,012,437	21,731,128
ACTUAL	15,602,170	4,159,388	2,079,613	21,841,171	15,518,468	3,948,288	2,047,654	21,514,410
VARIANCE UNITS	-238,024	-44,252	67,353	-214,923	-131,577	-120,358	35,217	-216,718
VARIANCE	-1.50%	-1.05%	3.35%	-0.97%	-0.84%	-2.96%	1.75%	-1.00%
PERCENTAGE	98.50%	98.95%	103.35%	99.03%	99.16%	97.04%	101.75%	99.00%

ACTUAL vs BUDGETED DISTRIBUTION - Chart 1



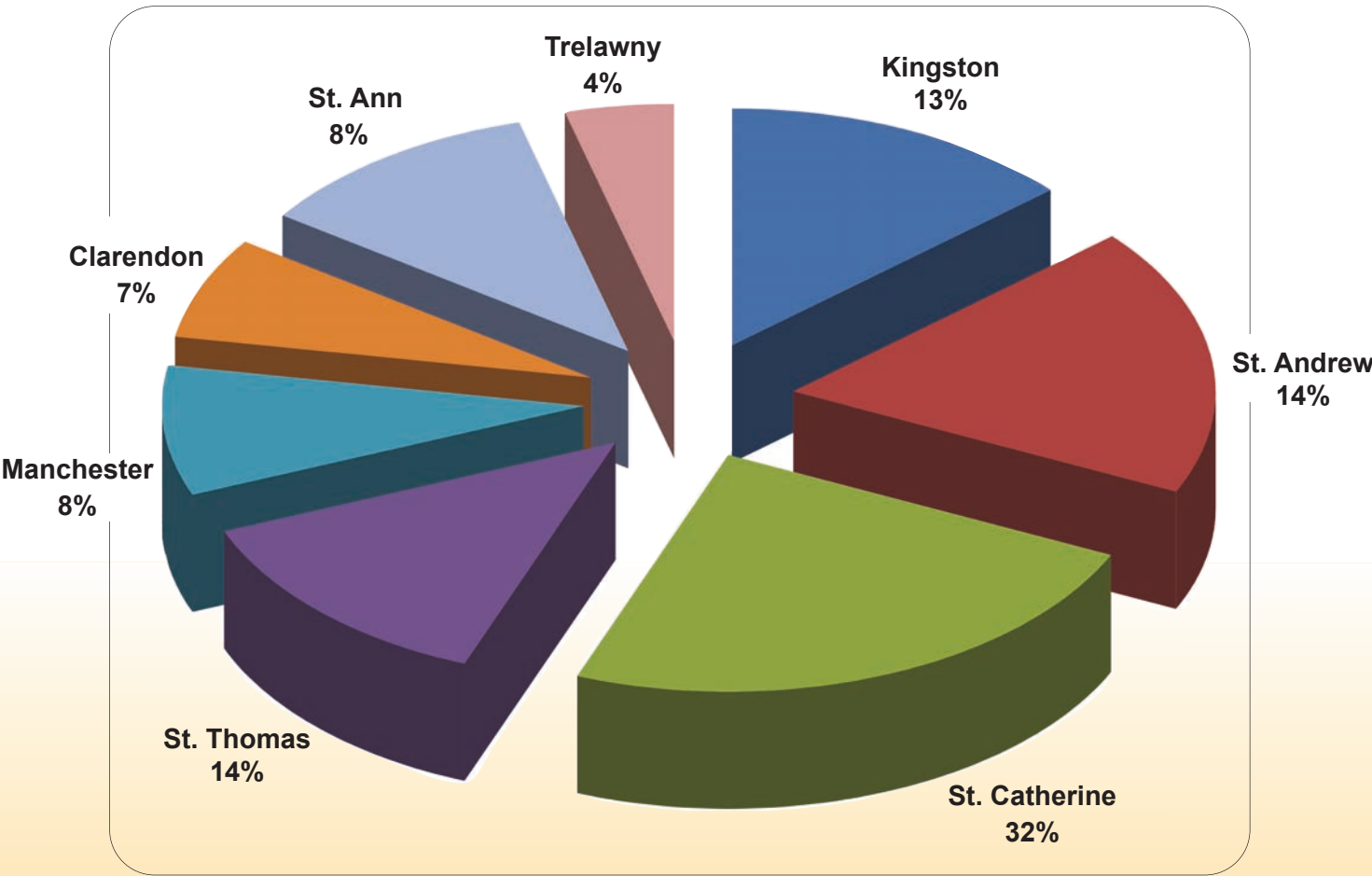
# DEPARTMENT PERFORMANCE

## DISTRIBUTION & WAREHOUSING

SCHOOLS SERVED BY THE KINGSTON PLANT - *Table 2*

Parish	KGN.	ST. ANDREW	ST. CATHERINE	ST. THOMAS	MANCHESTER	CLARENDON	ST. ANN	TRELAWNY	TOTAL
Schools served	56	62	135	59	32	32	36	17	429

SCHOOLS SERVED BY THE KINGSTON PLANT - *Chart 2*



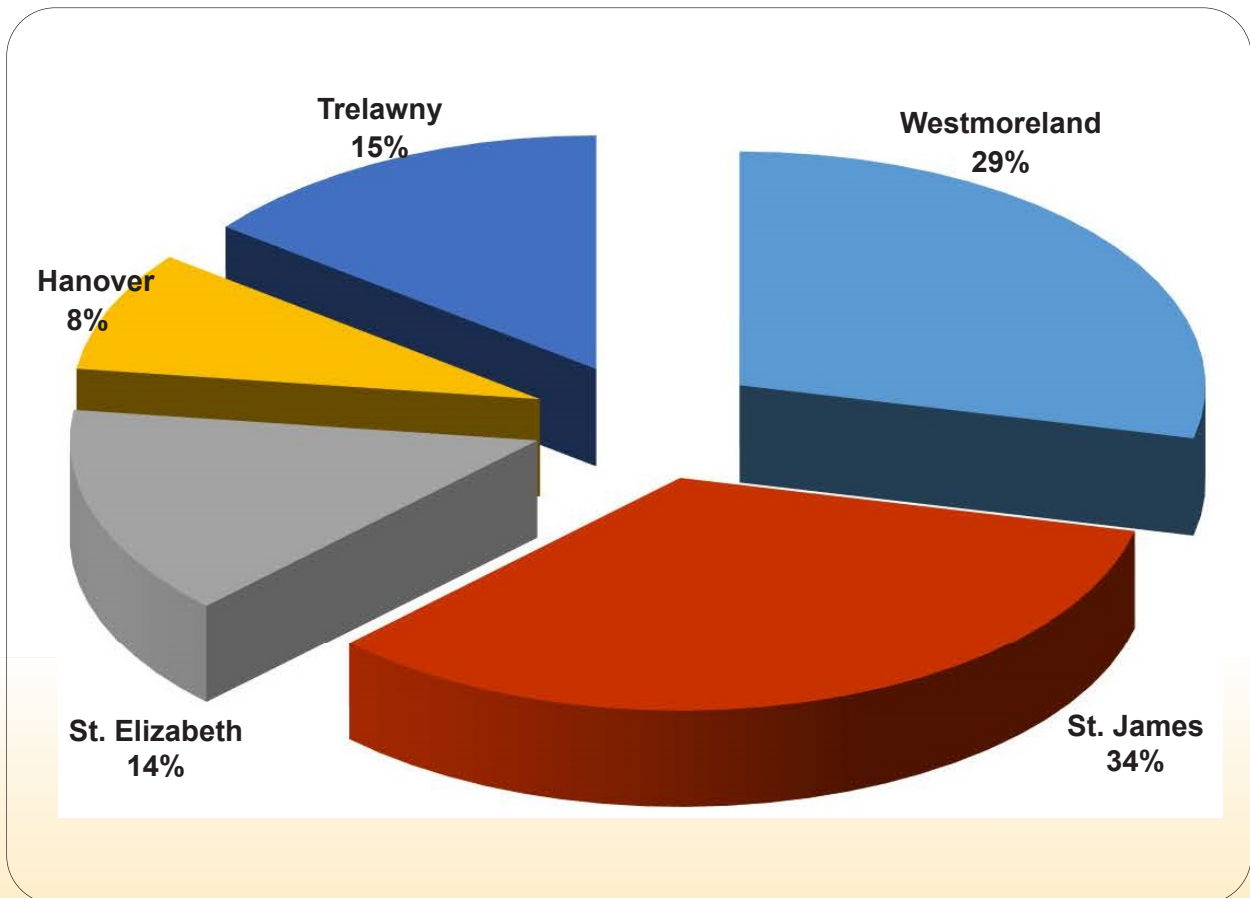
# DEPARTMENT PERFORMANCE

## DISTRIBUTION & WAREHOUSING

**SCHOOLS SERVED BY THE WESTMORELAND PLANT - Table 3**

Parish	WESTMORELAND	ST. JAMES	ST. ELIZABETH	HANOVER	TRELAWNY	TOTAL
Schools served	55	65	28	16	28	192

**SCHOOLS SERVED BY THE WESTMORELAND PLANT- Chart 3**



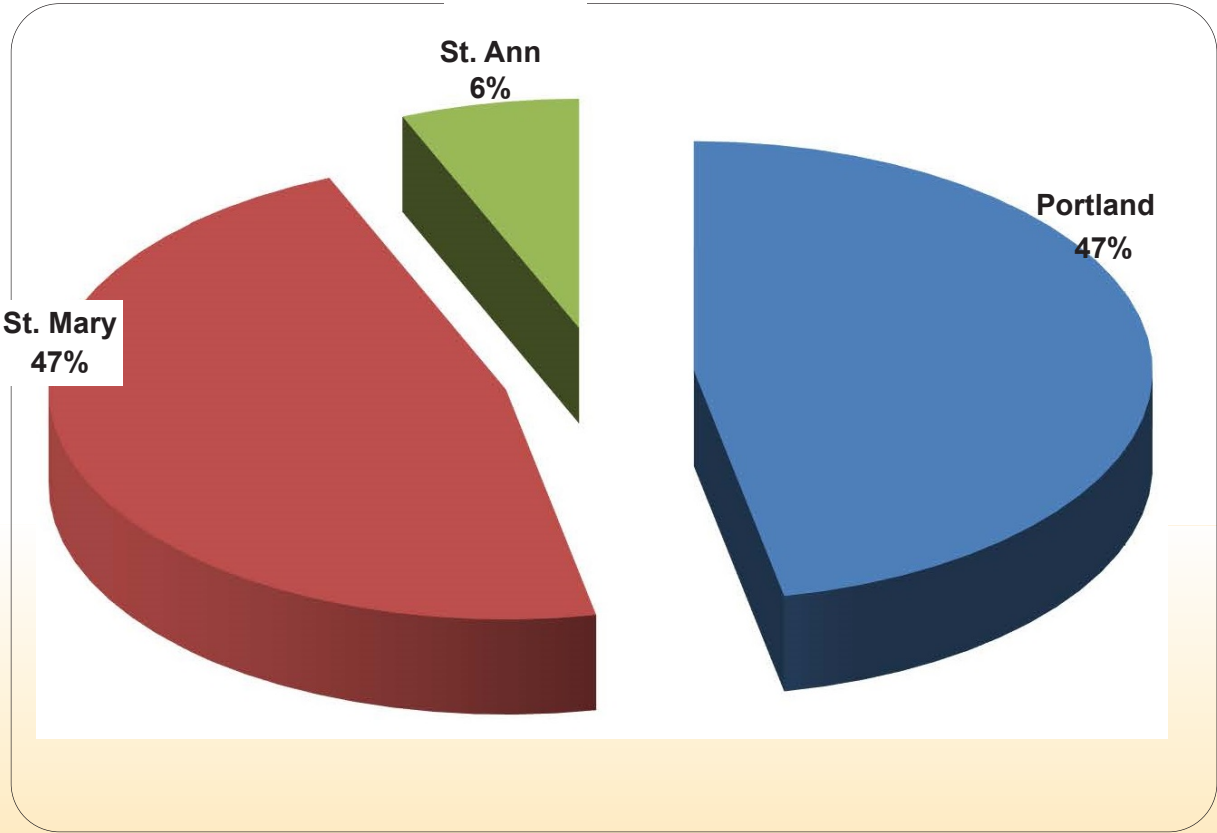
# DEPARTMENT PERFORMANCE

## DISTRIBUTION & WAREHOUSING

**SCHOOLS SERVED BY THE ST. MARY PLANT - Table 4**

Parish	ST. ANN	PORTLAND	ST. MARY	TOTAL
Schools served	7	52	52	111

**SCHOOLS SERVED BY THE ST. MARY PLANT - Chart 4**





# DEPARTMENT PERFORMANCE

## MANAGEMENT INFORMATION SYSTEM [MIS]

All managerial functions are performed through decision-making. In order for rational decisions to be made, timely and reliable information should be available through a logical and well structured method of collecting, processing and disseminating such information to decision makers. No doubt, the growth and development of an organization is dependent on an effectively designed system.

The department continued to play its role in assisting with the growth of Nutrition Products Limited by making available, and maintaining a system capable of maximizing the value of information accessible by the relevant persons and departments. The system captured, analyzed, quantified, compiled and manipulated information as planned/designed and enabled the management team to make timely and rational decisions.

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

### *Some Key Activities undertaken during the period include:*

- Upgrading and installation of new security cameras.
- Maintaining and updating of the NPL's Website.
- In-house designing, updating and collating of the NPL's Employees Handbook and Annual Report resulting in significant savings.
- Providing "Help Desk" assistance to end users.
- Upgrading of fifteen [15] work stations from Windows XP to Windows 8.1 Pro Operating System [OS].
- Continuing with the restructuring of the network for greater stability and security.

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.

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# DEPARTMENT PERFORMANCE

## HUMAN RESOURCE AND ADMINISTRATIVE SERVICE

The Human Resource and Administrative Services Department is central to providing for the welfare and development of employees along with, providing for the just and equitable solution to any disciplinary matters arising between employees or between employees and employer.

The department offers a service to employees and as such is constantly aware of its responsibility to ensure that such service is provided with efficiency and effectiveness.

Our vision is 'To be recognized and respected as a Human Resource and Administrative Services Department that provides the highest quality service to the staff and former staff members of Nutrition Products Limited'.

This is mainly achieved through:

- Ensuring that applicable employee welfare items are provided and maintained.
- Responding to employees' requests and concerns in a timely manner.
- Providing adequate and relevant training opportunities.
- Ensuring that our pensioners are receiving the agreed benefit(s) from our Pension Fund Administrators and, providing other services when required.

### **Training and Development Initiatives**

In an effort to impart additional knowledge and skills to our employees, and create a more productive working environment, a number of training programmes/seminars/workshops were implemented for staff during the year, as follows:

- Report Writing – seventeen managers and supervisors attended this workshop, all of whom obtained the competence to produce better quality reports.
- Essentials of Supervisory Management – nineteen employees attended; a few were exposed for the first time to supervisory functions. It also served as a refresher for those who had supervisory experience. The aim was to strengthen the capabilities of each employee to effectively communicate and make sound decisions.
- Minute Writing and Note Taking – two secretaries attended. The course equipped them to accurately take and prepare minutes of meetings, including Board Sub-Committee Meetings.
- Baking Seminar – four employees attended. The seminar was hosted by the University of Technology (UTech) and the employees returned to the working environment with the requisite knowledge to recommend improvements in our baking processes, when necessary.
- Essential Elements of Public Sector Procurement – one employee attended, an Accountant, who is a part of the procurement process.

# DEPARTMENT PERFORMANCE

## HUMAN RESOURCE AND ADMINISTRATIVE SERVICES

- Bakery Chef – attended by forty employees. This is a HEART Trust NVQ Level 1 Course that caters to all production employees, on an ongoing basis. The course had a theoretical and a practical component and equipped the employees to undertake more advanced assignment / work which augurs well for future growth and development.
- Occupational Safety and Health – attended by sixty employees. An ongoing in-house course designed for all employees, with the objective of imparting awareness of correct safety and proper health practices.
- Good Manufacturing Practices – attended by forty employees. An ongoing course for all employees, stressing the need for proper food handling practices - raw material or finished products.
- Hazard Analysis and Critical Control Points (HACCP) – attended by two Quality Assurance personnel. The workshop was geared towards enhancing their ability to properly audit the production processes.
- Retirement Seminar – attended by forty-four employees who were within 5 years of retirement. This seminar prepared these employees to transition from the work environment to retirement and equipped them with options for financial stability.

### Staffing - Permanent

Please see table 1 below for staffing comparison data.

**Staff Comparison Data - Table 1**

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
2015/2016	184	55	55	294

The increase in the staff complement for 2015/2016 over the previous year(s) is due to the expansion of the Breakfast Programme resulting in an increase in the number of positions required to adequately support this programme. Approval for these additional positions was granted by the Ministry of Finance and Planning in September 2015 and represents a 17.6% increase over the previous year.

Prior to the introduction of the Breakfast Programme in September 2013, 38% of employees were below 40 years of age. The implementation of this programme necessitated an increase in the staff complement. The employment of additional staff increased the number of employees in the younger age groups, bringing the percentage of employees below 40 years of age from 38% to 47%. This has created a relatively young workforce and much training and developmental programmes have been directed to this group.

# DEPARTMENT PERFORMANCE

**Please see table 2 below for staff separation comparison data.**

**STAFF SEPARATION COMPARISON DATA - Table 2**

PERIOD	TOTAL SEPERATION
2011/2012	12
2012/2013	12
2013/2014	11
2014/2015	14
2015/2016	15

For the period 2015/2016, there were fifteen separations from the company due to the following: Retirement (1 employee), dismissal (1 employee), job abandonment (1 employee) and resignations (12 employees). Exit interviews conducted indicated that the resignations were for personal reasons (migration, more lucrative job offers, etc.) and not related to any dissatisfaction with the working environment.

## **HR Programmes and Activities**

There were a number of programmes and activities that the HR Department coordinated relating to employee welfare:

- **Scholarship Programme**

The company has a Scholarship Programme that targets children of permanent employees. Each child must have a GSAT average of at least 60% to enter the programme and, the scholarship is renewed each year at the secondary level, if the scholarship criteria for advancement are met. The scholarship is valued at \$10,000.00 per student per academic year.

For the period, fifteen (15) students benefited from this programme. Five of these students graduated from the programme, with CXC passes ranging from 3 to 9 subjects. They, along with their parents, were publicly recognized for their achievements.

# DEPARTMENT PERFORMANCE

## HUMAN RESOURCE AND ADMINISTRATIVE SERVICES

- **Summer Employment - Students**

Through the Human Resource and Administrative Services Department, NPL offered summer employment/work experience to a total of twenty (20) students for the months of July and August 2015. They were placed in a number of departments where they were exposed to various tasks.

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 the HEART Trust offers. At the end of the programme, the students each received a Certificate of Participation from NPL. They expressed their appreciation for the exposure they gained in the work environment .

- **External Educational Institutions**

NPL, through the HR Department, entered into arrangements with the Caribbean Maritime Institute to take three of its Industrial Engineering students and one Logistics and Supply 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 was commendable. They expressed their appreciation for the opportunity afforded them to work in the organization, as they gained immense experience.

NPL also entered into an understanding with the UTech to take a Dietetics and Nutrition student in September of each year for one Semester. This began in September 2015 and the student was assigned to our Quality Assurance Department. Her performance for the period of her assignment was commendable.

In addition to offering work experience to students at the tertiary level, several Grades 10 and 11 Home Economics students and one Business Studies student, all from Norman Manley High School, were accommodated in our Production and MIS Department for a two week period. This two week work experience was a requirement of their course of study and they all performed at a commendable level.

- **National Youth Services (NYS)**

Through the HR Department, NPL also partnered with the National Youth Service in facilitating the placement of two (2) individuals for three weeks under our Summer Employment Programme. The students expressed their appreciation at being exposed to a work environment in which they made a contribution and also gained invaluable experience.

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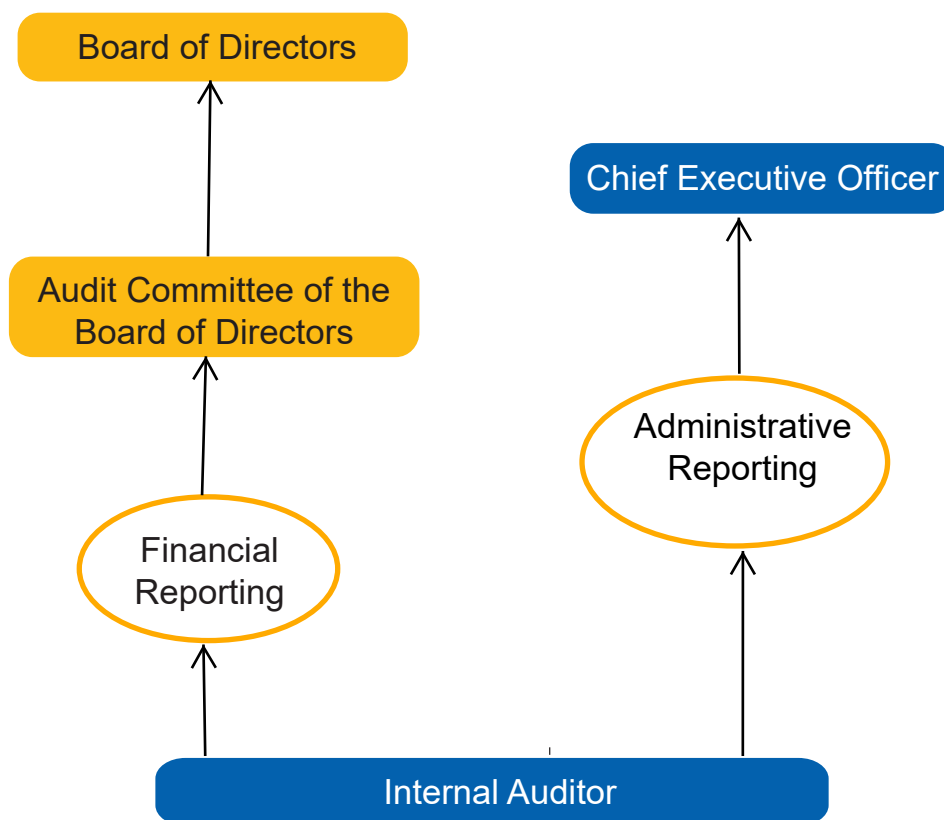


# DEPARTMENT PERFORMANCE

## 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. He reports functionally to the Board of Directors through the Audit Committee and, administratively to the Chief Executive Officer (CEO). See illustration below:



# DEPARTMENT PERFORMANCE

## INTERNAL AUDIT

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

Audit	Planned	Actual
Financial	5	5
Operational	10	7
Special Audit	1	1
	16	13

From the audits conducted, four (4) reports were produced and presented to the Audit Committee. 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.

- Greater consistency in the amounts of raw materials used in the production of baked products and liquid/juices across all three plants.
- A revision of the procedure used to dispose of expired/condemned goods so as to make the process more transparent.
- Reduction in bad debts from schools.
- Reduction in the repairs and maintenance cost for the Company's vehicles.
- Improvements in record maintenance for the procurement of goods and services, especially the recording of minutes of meetings held.
- Greater control over the storage of information by the MIS Department.

In addition to conducting audits, the Department underwent an exercise to update the procedures and scope of the audit in the Operations Manual to capture the structural and operational changes the Company went through. This will provide greater efficiency and consistency in conducting audits. Also, this provides a platform for future audits.

# 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.

# DEPARTMENT PERFORMANCE

## FINANCE & PROCUREMENT

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.

*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 strengthened its 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.

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# DEPARTMENT PERFORMANCE

## KEY FINANCIAL PERFORMANCE INDICATORS

BALANCE SHEET	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Current Assets	177,174	139,829	105,966	69,687	72,477
Current Assets	232,986	217,072	75,162	54,376	39,911
Current Liabilities	149,120	179,339	89,793	79,373	99,632
Inventories	45,682	27,230	38,534	19,938	13,794
Receivables	19,919	14,722	7,483	9,134	9,642
Payables	139,728	104,315	84,089	75,804	96,063
Cash & Cash Equivalents	163,785	171,956	20,782	16,856	7,963

PROFIT & LOSS	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	1,097,669	954,475	877,937	823,336	780,677
Manufacturing Cost	788,658	690,979	661,928	567,514	616,726
Administrative Expenses	141,969	111,582	83,771	91,770	101,712
Distribution Cost	108,300	99,415	104,238	128,465	145,215
Pre-tax Profit/(Loss)	72,748	61,245	26,060	35,587	(82,976)
After-tax Profit/(Loss)	72,250	60,963	27,667	35,503	(83,006)

KEY RATIOS	2016	2015	2014	2013	2012
Operating Surplus to Revenue	6.6%	6.4%	3.2%	4.3%	-10.6%
Operating Surplus to Total Assets	17.6%	17.1%	15.3%	28.6%	-73.9%
Inventory Turnover	17.3	25.4	11.5	15.4	17.0
Day Sale O/s	90.0	45.5	49.9	48.0	46.8
Current Ratio	1.6	1.2	0.8	0.7	0.4
Quick Ratio	1.3	1.1	0.3	0.3	0.2

### FINANCIAL OVERVIEW

The financial year 2015/2016 ended yet on a very positive note, with a surplus of \$72.25 Mio. The Board and Management with their diverse perspective, skills, experience and properly focused strategies continue to ensure sustained improvements in effectiveness and efficiencies in all areas of our operations in the delivery of our mandate.



# DEPARTMENT PERFORMANCE

## KEY FINANCIAL PERFORMANCE INDICATORS

### OUTLOOK

NPL's key focus for the upcoming financial year is to continue building on the gains of prior years by increasing the company's operational efficiency through the streamlining of some key processes. This will be accomplished with the implementation of deliberate and focused strategies.

This approach will no doubt enable the company to deliver on its core mandate of producing and distributing an increased number and variety of nutritious meal solutions to designated school children. Additionally, this will broaden the opportunity to increase the use of local agricultural inputs in our product line.

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# DEPARTMENT PERFORMANCE

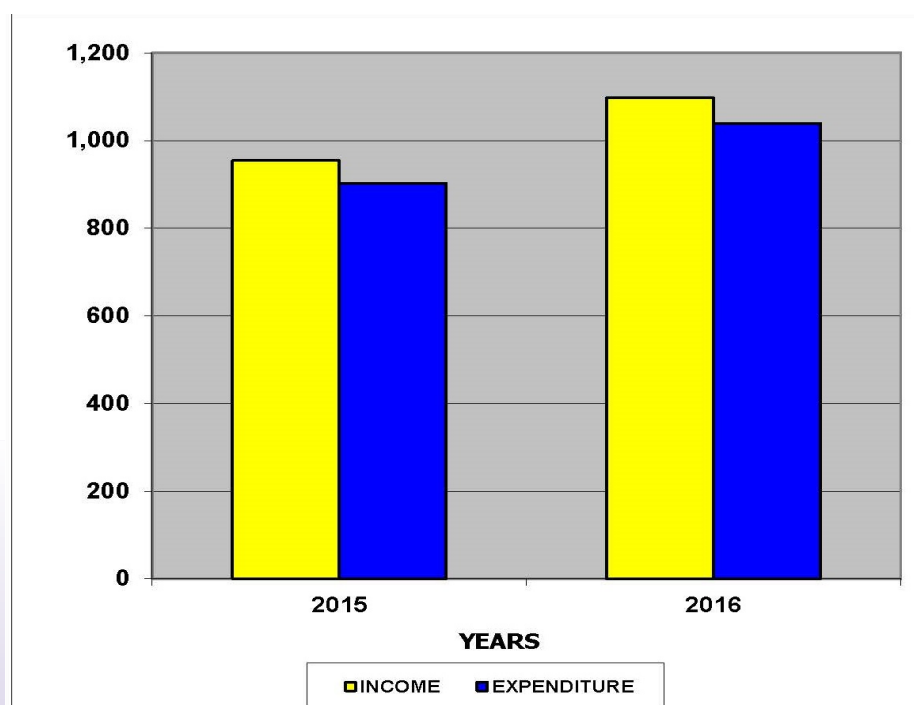
## FINANCE AND ACCOUNTING STATISTICAL PROFILE

- Income vs Expenditure 2015 – 2016 (See page 31)
- Income vs Expenditure 5 year comparison data (See page 32)
- Operating Expenses for year ended March 2016 (See page 33)
- Operating Expenses (by category) 5 year comparison data (See page 34)
- Factory cost of production for year ended March 2016 (See page 35)
- Factory cost of production 5 year comparison data (See page 36)

### INCOME VS EXPENDITURE FOR PERIOD 2015 - 2016 (J\$Mio) -Table 1

YEARS	2015	2016
	\$'000	\$'000
INCOME	954,475	1,097,669
EXPENDITURE	901,976	1,038,927

### INCOME VS EXPENDITURE FOR PERIOD 2015 - 2016 -Chart 1



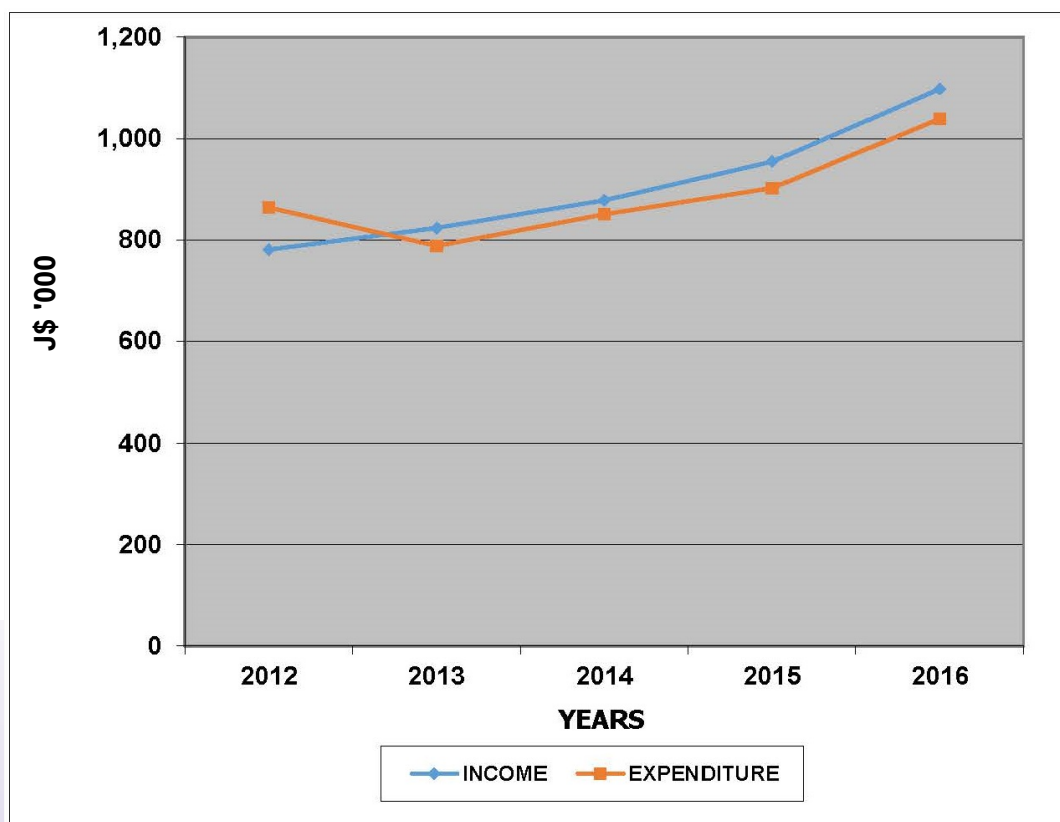
# DEPARTMENT PERFORMANCE

## FINANCE AND ACCOUNTING STATISTICAL PROFILE

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

YEARS	2012	2013	2014	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME	780,677	823,336	877,937	954,475	1,097,669
EXPENDITURE	863,653	787,832	850,270	901,976	1,038,927

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



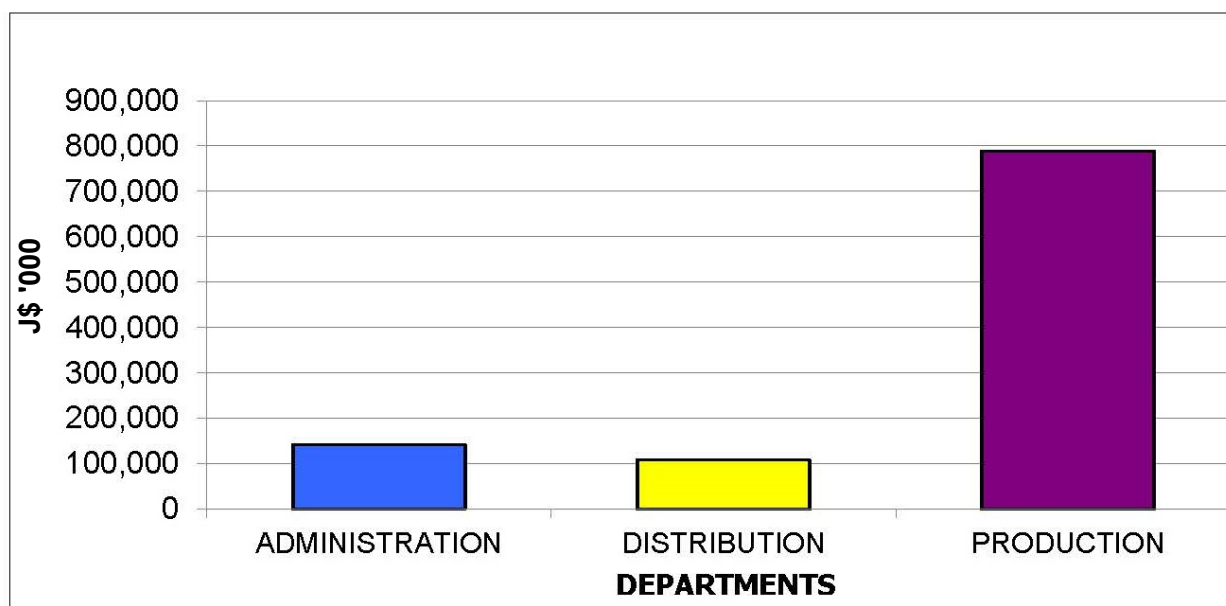
# DEPARTMENT PERFORMANCE

## FINANCE AND ACCOUNTING STATISTICAL PROFILE

**OPERATING EXPENSES FOR YEAR ENDED MARCH 2016 (J\$Mio) - Table 3**

Departments	Administration	Distribution	Production	Total
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING EXPENSES</b>	141,969	108,300	788,658	1,038,927
<b>PERCENTAGE</b>	13.7%	10.4%	75.9%	100%

**OPERATING EXPENSES FOR YEAR ENDED MARCH 2016 (J\$Mio)- Chart 3**



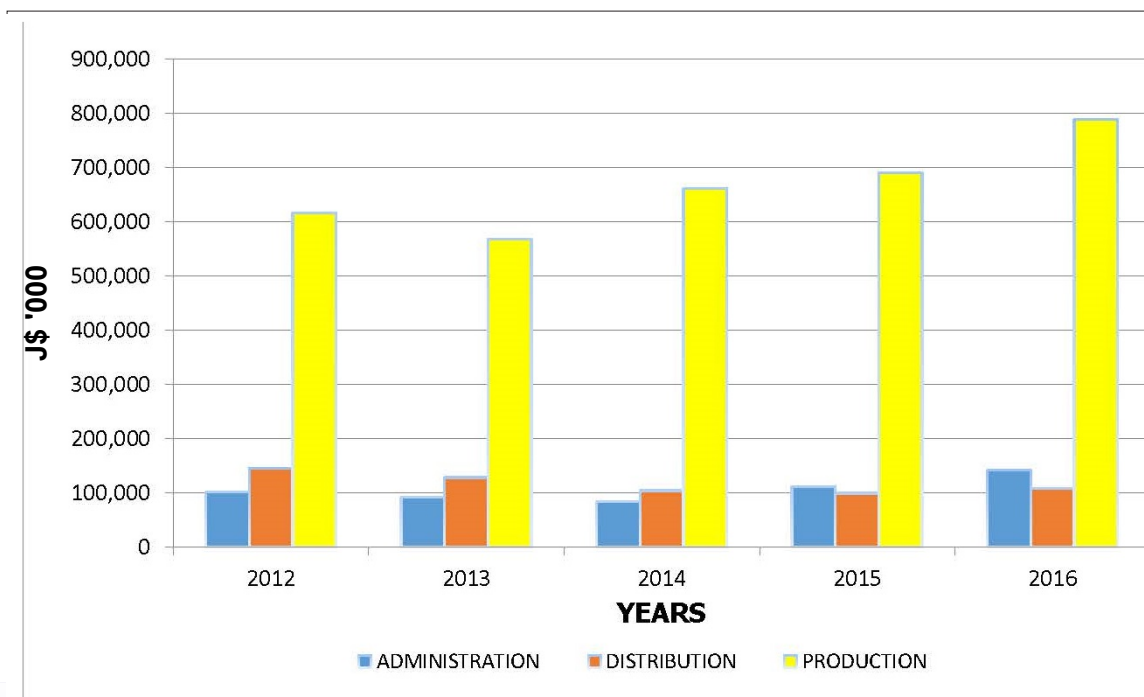
# DEPARTMENT PERFORMANCE

## FINANCE AND ACCOUNTING STATISTICAL PROFILE

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

YEARS	2012	2013	2014	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
ADMINISTRATION	101,712	91,770	83,711	111,582	141,969
DISTRIBUTION	145,215	128,465	104,238	99,415	108,300
PRODUCTION	616,726	567,514	661,928	690,979	788,658

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





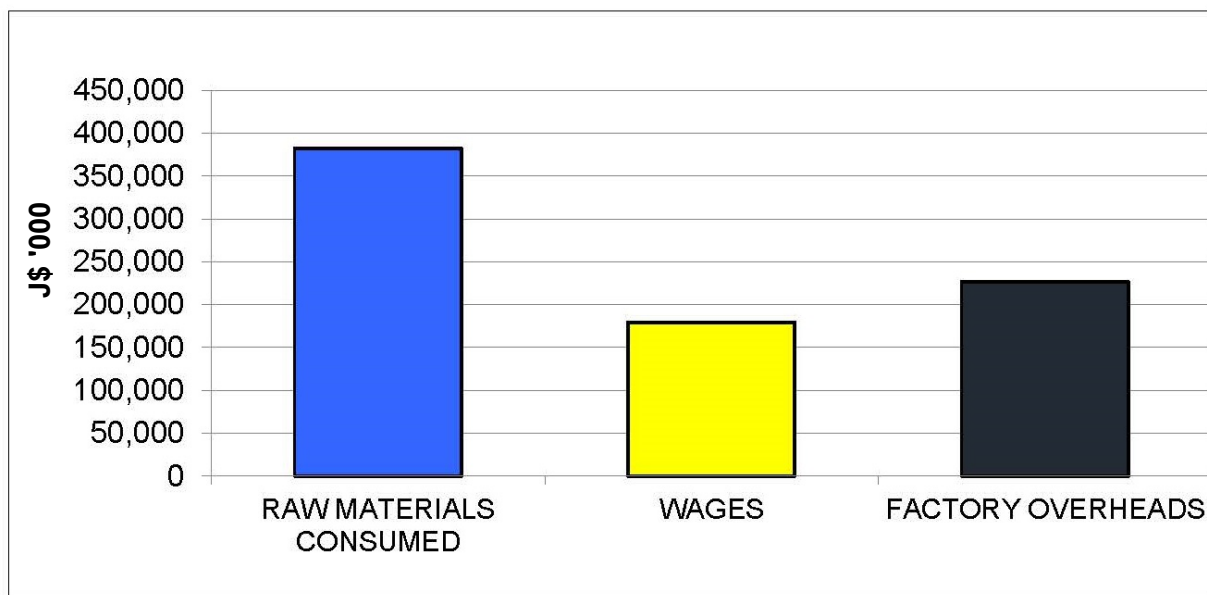
# DEPARTMENT PERFORMANCE

## FINANCE AND ACCOUNTING STATISTICAL PROFILE

FACTORY COST OF PRODUCTION FOR YEAR ENDED MARCH 2016 (J\$Mio) - Table 5

	Raw Materials Consumed	Wages	Factory Overheads	Total
	\$'000	\$'000	\$'000	\$'000
MANUFACTURING COST	382,560	179,451	226,647	788,658
PERCENTAGE	48.5%	22.8%	28.7%	100%

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



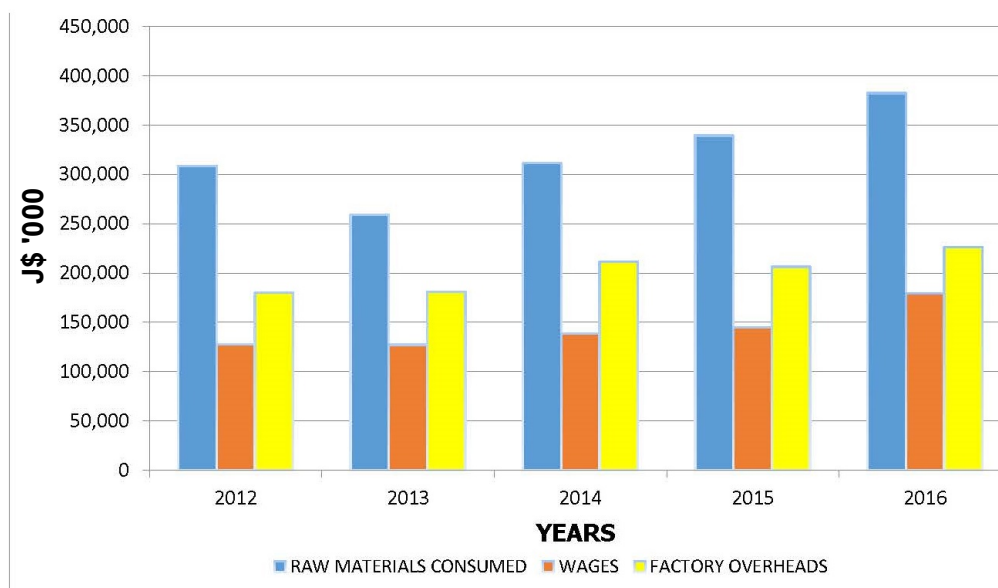
# DEPARTMENT PERFORMANCE

## FINANCE AND ACCOUNTING STATISTICAL PROFILE

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

YEARS	2012	2013	2014	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
RAW MATERIAL CONSUMED	308,797	259,284	311,590	339,519	382,560
WAGES	127,828	127,404	138,464	145,031	179,451
FACTORY OVERHEADS	180,101	180,826	211,474	206,429	226,647

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





# NUTRITION PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT &

# FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

