

Lusoti Investors Investments (PTY) LTD JA Mini Company of Lusoti High School

2010 COMPANY REPORT

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JA Swaziland

TABLE OF CONTENT

Cover Page	1
Table of Content (Index)	2
1 THE EXECUTIVE SUMMARY	3
1.1 Introduction	3
1.2 Mission Statement	3
1.3 Business Objectives	3
1.4 Product	3
1.5 Summary of Financial Results	3
1.6 The Organizational Structure	4
2 PRODUCTION	5
2.1 Production Targets	5
2.2 Production Line	5
– 2.2.1 The Production Section	5
– 2.2.2 The Packaging Section	5
2.3 Production Performance	6
3. SALES AND MARKETING	7
3.1 The Market Research	7
3.2 Promotion	7
3.3 Sales Report	8
4 FINANCIAL REPORTS	9
4.1 The Break Even Point	9
4.2 Financial Statement	9
4.3 Profits per Share Employed	10
5 CHALLENGES AND SOLUTIONS	11
5.1 The Company policy and Code of Conduct	11
5.2 Challenges	11
6 CO-OPERATE SOCIAL RESPONSIBILITY	13

1 THE EXECUTIVE SUMMARY

1.1 Introduction

Lusoti Investors Investments (PTY) LTD, we are a JA Mini – Company of Lusoti High School founded by 25 full time students of the School. Currently the company has 17 members i.e. 8 members resigned. Our company is based in Lusoti High School, Simunye in the Lubombo Region of Swaziland.

1.2 Mission Statement

Nurturing a wining project, maximizing return to shareholder and cultivating entrepreneurship among our colleagues

1.3 Business Objectives

- To produces and sell 600 cartons of white chalk to local schools within the five weeks of our operation,

1.4 Product

Lusoti Investors Investments (PTY) LTD manufactures and distributes quality white chalk to the schools in the Lubombo Region of Swaziland. We looked at the number of local schools and saw potential as all schools uses chalk for daily classroom teaching which amount to 4 cartons of chalk used per week on average.

1.5 Summary of Financial Results

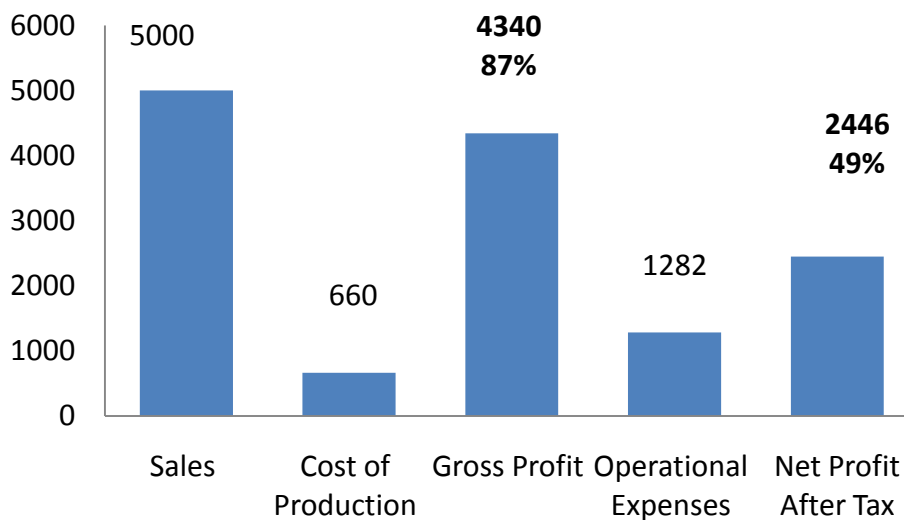


Figure 1.1 *Financial Performance Summaries*

1.6 The Organizational Structure

The company reflects the participation of all its members as illustrated in the organizational structure below.

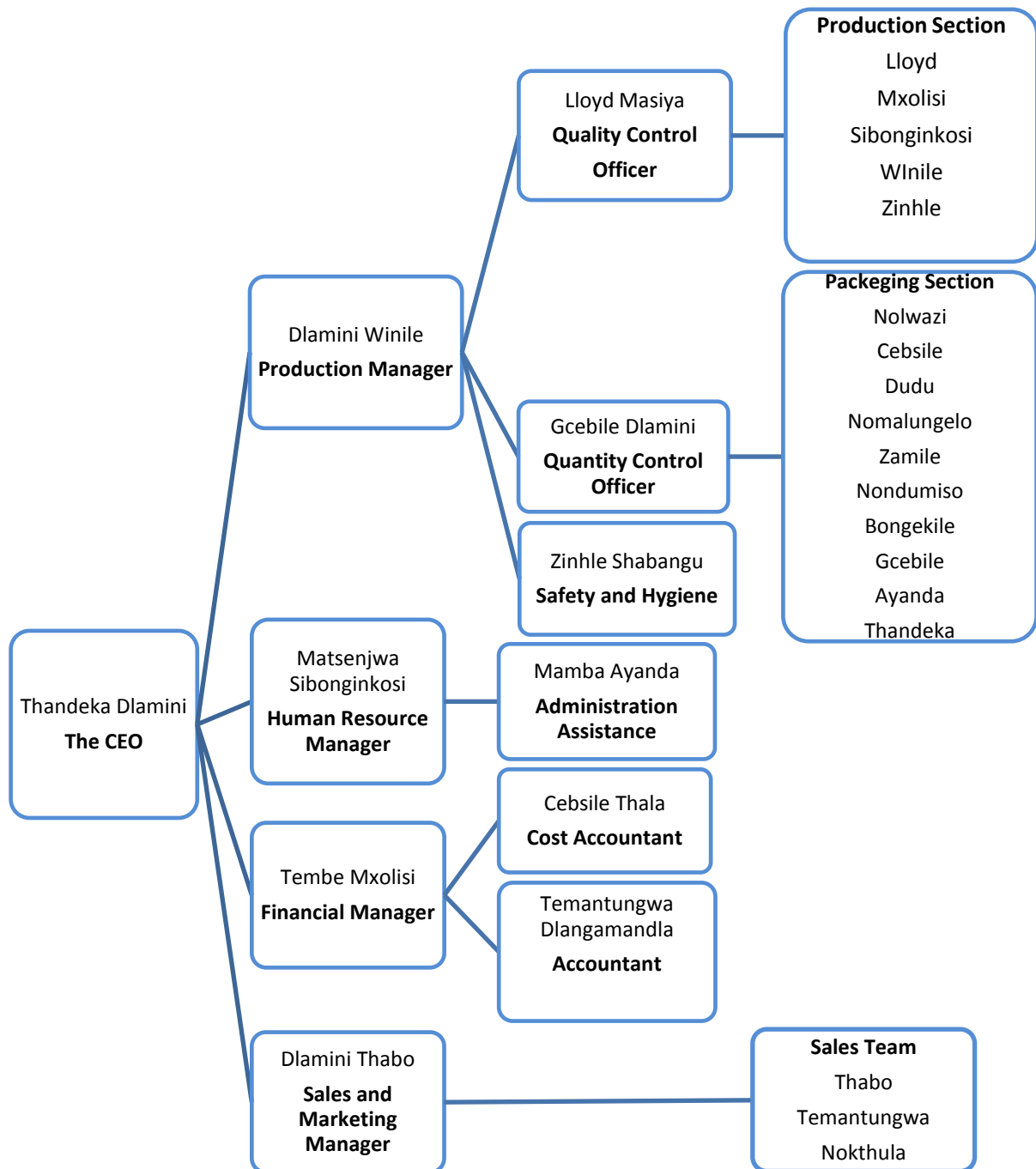


Figure 1.2 The Top Five Managers (Orgnogram)

2 PRODUCTION

2.1 Production Targets

As a company we had a target of producing 150 units per production week hence 600 units in total.

2.2 Production Line

Our Production Department had two Sections, The Production Section and The Packaging Section.

2.2.1 The Production Section

To ensure quality chalk sticks, we had 5 permanent workers including the Production Manager and Quality Control Officer in this section. Their duty was to mould the chalk stick. The following pictures illustrate our production activities.



1. Cleaning machine



2. Lubricating moulds



3. Mixing raw materials



4. Moulding Chalk



5. Removing chalk stick



6. Drying chalk

2.2.2 The Packaging Section

This section had 10 employees whose responsibility was to produce packaging cartons from waste boxes collected from local supermarkets.



1



2



3

1. Designing and Cutting Cartons From waste card paper.
2. Then Moulding Cartons
3. Members packing chalk stick into cartons- 100 chalk sticks per carton.

2.2 Production Performance

Each production step proved to be time consuming, temperatures being the main controlling factor since chalk sticks dried faster when temperatures higher. The graph below illustrates our production performance per week.

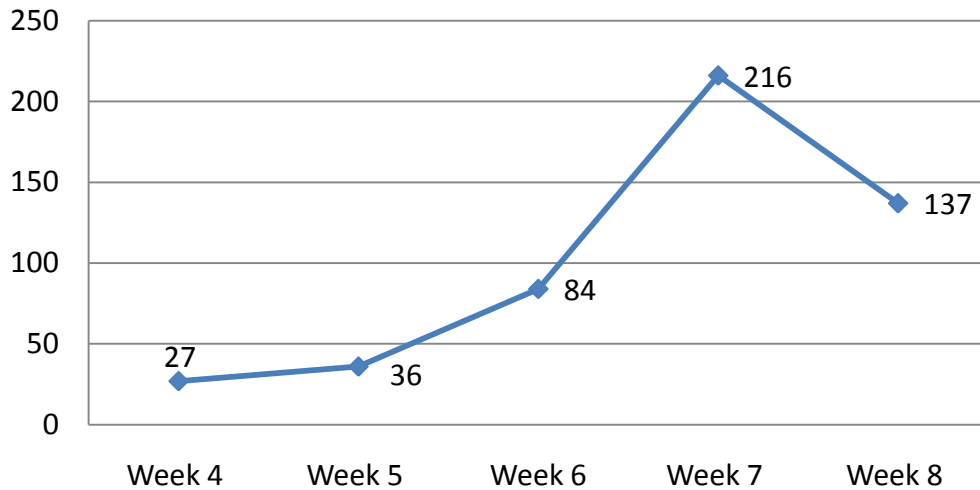


Figure 2.1 *Weekly Production Capacities*

The rapid increase of units produced from week 6, to 8 was a result of;

- Each member producing 20 packaging cartons per week during their spare time, thus Saturdays were used only for chalk moulding.
- For week 7 and 8; school sports days were used for chalk production as well.

Another non controllable factor; 50 kg bag of chalk powder was expected to produce 150 cartons of chalk but practically each bag produced 125 units on average. As a result we manage to produce 520 cartons in total instead of 600 as shown in Figure 2.2 below. 500 cartons were taken to the sales department for selling and 20 used for marketing and promotional activities.

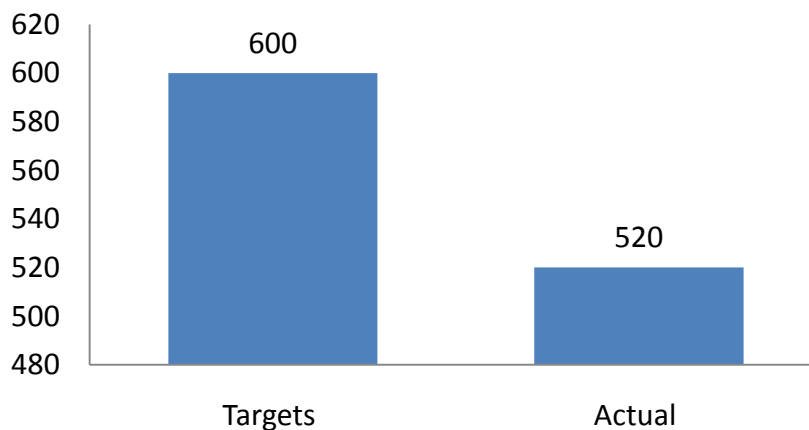


Figure 2.2 *Targets and Actual Production*

3. SALES AND MARKETING

3.1 The Market Research

During our feasibility study we visited 15 primary and high schools around the Lubombo Region of Swaziland as illustrated in Figure 3.1 below. The purpose of our market research was to Determine:

- Size of the market (How much chalk each school use),
- Buying patterns of the local schools and
- Where and how they buy their chalk.

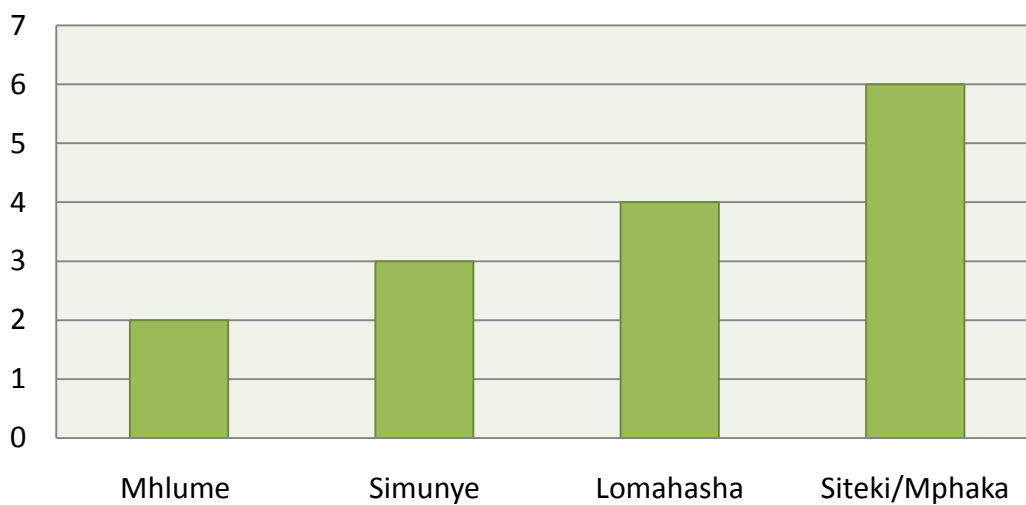


Figure 3.1 *Number of Schools Visited in each Geographical Sub Region*

3.2 Promotion

As part of our promotion we revisited the 15 schools, distributing;

- Free cartons of chalk, samples of our product, to head teachers,
- Product pamphlets,
- Business cards,
- As well as collecting orders.

We had a total Budget of E400.00 for all our marketing and promotion activities hence concentrated in the 15 local schools, in which we intended to sell our product to. Transportation was the major challenge for our sales and marketing activities. As a result pamphlets and business cards were also distributed to other schools through friends and relatives.

3.3 Sales Report

We manage to sell all 500 cartons of chalk in four (4) different sub region schools as illustrated in Figure 3.2 below.

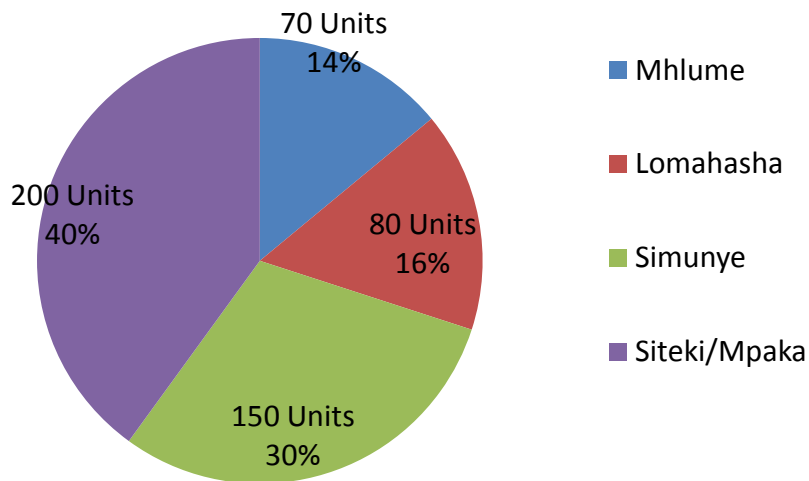


Figure 3.1 *Number of Cartons Sold in each Geographical Sub Region*

Marketing and promoting our company's product was very successful as we manage to sell all units produced. The greatest experience we learnt here was how essential the 4Ps are to follow when marketing a product and it really work for us. We carefully followed the 4Ps for our marketing as follows:

Product - We found a product that was unique and was in high demand, so we made it a point to sell only the best quality at a comparative price to our customers.

Price - Obviously the price must be right, or the customers won't buy. The average price in the market is E20 per carton and in order to beat our competitors we sold our product at half the price E 10 per unit (manufacturing price).

Promotion - When doing the market research, we left our business cards and product pamphlets to the head teachers of the schools. Also we gave them a carton of our chalk for free, as a sample to use. The response after that was impressive.

Place – with a very tight marketing budgets, our target market was just local schools. And there are many schools surrounding us also they are very supportive.

4 FINANCIAL REPORTS

4.1 The Break Even Point

To break even we had to sell 155 cartons of chalk as shown in the following calculations.

Unit Selling Price (SP)	10.00
Variable Cost per Unit (VC)	1.70
Contribution Margin (SP – VC)	8.30

4.2 Financial Statement

Manufacturing, Trading and Profit and Loss Account as at 30th June 2010	
Sales (500 units x E10)	5000
Raw Material (4 50kg Bags x E150)	600
Oil (4 x 500ml can Diesel Oil)	60
Less Cost of Production	660
GROSS PROFIT	4340
Bank Charges	100
Loan Repayment and Interest	231
Marketing and Communication	390
Rent - Machinery and Accessories	100
Rent - Premises	100
Salaries and Wages	278
Stationary	83
Total Expenditures (Fixed Cost)	1282
Total Income - Total Expenditures	3058
Less 20% Levy	611.6
PROFIT After Tax	2446.4
Dividend Declared per Share	15.29

4.3 Capital

We sold 160 shares at E5.00 per share. Hence we had a share capital of E800. We needed E1020.00 to start up our business as a result we borrowed E220.00 loan from our facilitator at 5% interest. The diagram below compares the capital employed with the net profit after tax we earned.

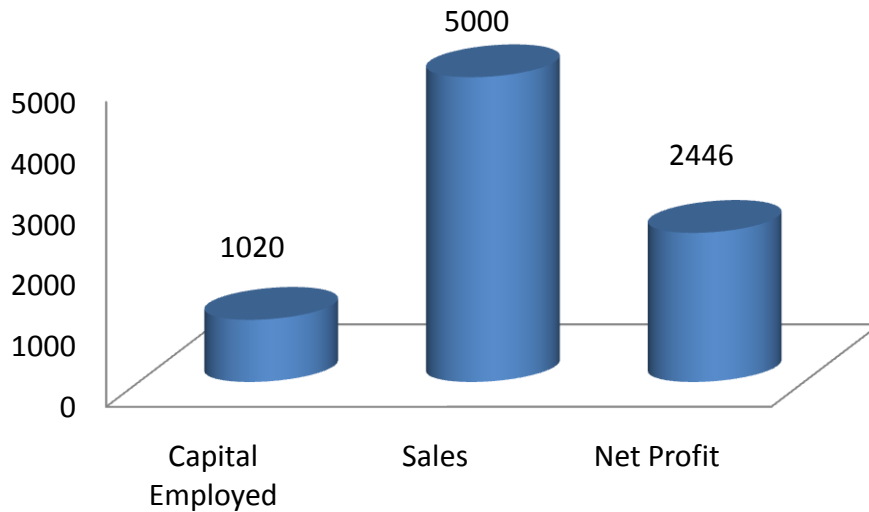


Figure 4.1 Capital Employed Compare with sales and Net Profit

4.4 Profits per Share Employed

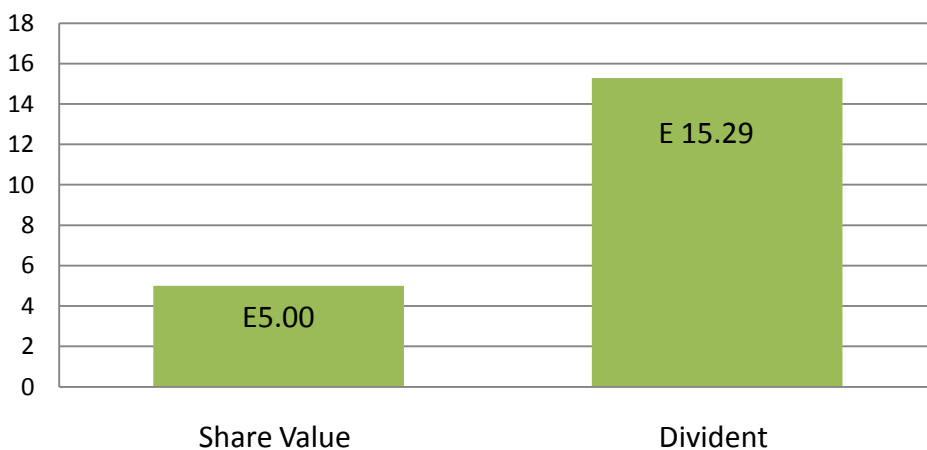


Figure 4.2 Divident per Share Employed

We manage to maximum the shareholders value as illustrated above in Figure 4.2. Each share value had a dividend of three (3) times the share. This was a great achievement and our mission when the mini company was founded.

5 CHALLENGES AND SOLUTIONS

5.1 The Company policy and Code of Conduct

We had develop a clear Company Policy and Code of Conduct and communicated well to all members in writing and verbal. The Human Resource Department used these two tools in solving most of challenges faced form time to time. These documents also played a major role in maintaining discipline among members as well as eliminating biasness when solving conflicts.

5.2 Challenges

Some of the challenges we faced as a company were difficult to address or even find a solution. Not limited to the following; these are some of the major challenges we experienced as a company;

- Members, deliberately coming late in every production session or company meeting even after several verbal warning.
- Some company members refused to attend company meetings (held during lunch time on Tuesdays) or constantly absenting themselves during production sessions (held on Saturdays) without a valid reason. Figure 5.1 below shows clearly that absenteeism was one of the major challenges.



Figure 5.1 Weekly Attendance Register Percentages

- Three verbal warnings were given for any above misconduct. Then a member if afforded a trail, if found guilty pay a fine as per our Company Policy.

In addition to the above mentioned challenges, some members decided to abandon the company without valid reasons other than absenteeism. Figure 5.2 below shows the Company’s Strength per week as some members were dropping off.

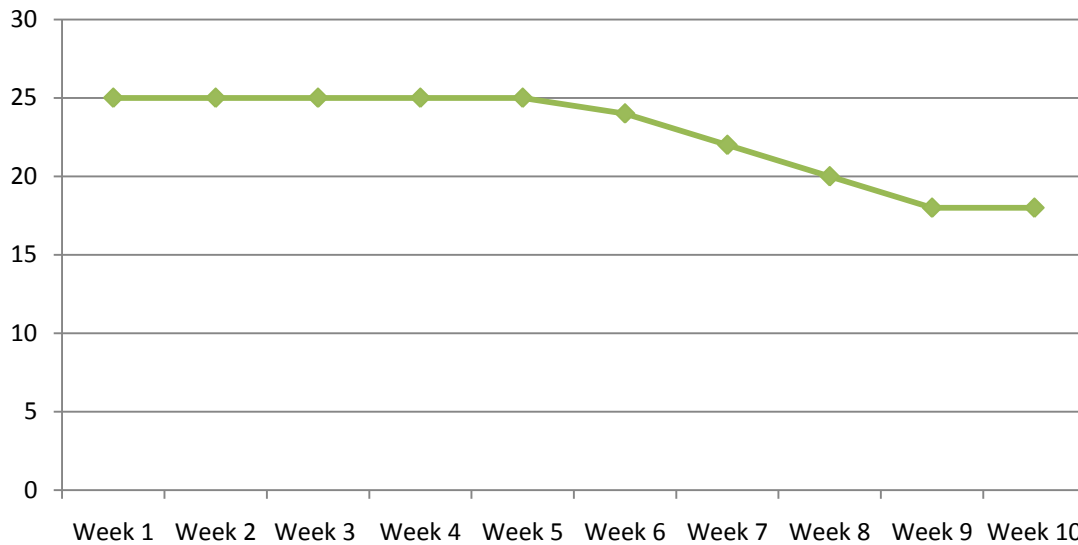


Figure 5.2 *Total Company Members per Week*

Amongst the resigned members, The Production Manager, The Administration Assistance, The Safety and Hygiene Officer as well as The Cost Accountant. A new manager and other officers had to be elected. Each new manager experienced had time updating their duties which was fur behind schedule. Fortunately all records of the company were kept in our office at school hence no documents or information was lost due to resignation of any manager.

We had a total of nine (9) disciplinal hearing altogether. When a verdict is taken, a member was requested to pay a penalty. Five (5) members did as requested and the other four (4) failed to pay as a result and an equal sum of money had to be deducted from their salaries.

6 COOPERATE SOCIAL RESPONSIBILITY

The company had two Cooperate Social Responsibility Projects, one in Lonhlopheko Care Point in the Lubombo Region of Swaziland and the other at and Malolotja Nature Reserve - Mhlosheni Care point in the Hhohho Region of Swaziland on the 07th June 2010 and the 26th June 2010 Respectively.

6.1 Project 1: Lonhlopheko Care Point - 07th June 2010

We visited the Care point as we pledged and completed the following activities

- Planted 500 seedlings of different vegetables; onions, carrots, cabbage, beetroot, green pepper as well as spinach,
- Donated goods (clothing for 60 children and groceries worth E700) to the children between 5-15 years of age,
- Played with the children after cleaning and cooking, and later we enjoyed lunch together and took pictures.

Pictures From Lonhlopheko Care Point Project



6.2 Project 2: Malolotja Nature Reserve - Mhlosheni Care Point 26th June 2010

We visited Malolotja Nature Reserve and completed for following activities

- Uprooted – of invasive plants at Malolotja Nature Reserve
- Collected a Truck load of fire wood for Mhlosheni Care Point

Pictures Mhlosheni Care Point Project – Collecting Fire Wood



Cutting Fire Wood



Loading Fire Wood



Off-Loading Fire Wood



Project well done

Pictures From Malolotja Nature Reserve

Removing Invasive Plants at Malolotja Nature Reserve

