

University of Groningen

Post-privatisation changes in management control, firm activities and performance

Redda, B.M.

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version

Publisher's PDF, also known as Version of record

Publication date:

2007

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Redda, B. M. (2007). *Post-privatisation changes in management control, firm activities and performance: the case of Eritrea-based firms*. [Thesis fully internal (DIV), University of Groningen]. s.n.

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

Appendix A: Data from Asmara Sweater & Garment Factory [IMA]

COMPARATIVE BALANCE SHEET - Before Privatisation

At 31 December 1995-1998

Table- A1

ASSETS EMPLOYED	1995	1996	1997	1998
FIXED ASSETS	678,979	571,115	477,596	-
CURRENT ASSETS:				
Stock and Stores	3,330,826	2,965,304	1,927,973	1,395,354
Debtors and prepayments	253,545	440,684	443,904	436,607
Related enterprises	-	6,508	5,998	5,998
	3,584,371	3,412,496	2,377,875	1,837,959
CURRENT LIABILITIES:				
Taxes	-	-	-	34,056
Creditors and accruals	573,389	339,715	819,529	323,139
Related enterprises	135,972	95,517	95,517	1,189
Short term loan	154,737	-	-	-
Bank overdraft	5,268,696	6,470,470	6,406,595	4,937,603
	6,132,794	6,905,702	7,321,641	5,295,987
NET CURRENT LIABILITIES	(2,548,423)	(3,493,206)	(4,943,766)	(3,458,028)
FINANCED BY:				
State capital	1,166,395	1,166,395	1,166,395	1,166,395
General reserve	744,593	744,593	744,593	744,593
Treasury	-	-	-	2,738,576
Accumulated loss	(3,780,432)	(4,833,079)	(6,377,158)	(8,107,592)
	(1,869,444)	(2,922,091)	(4,466,170)	(3,458,028)

PROFIT AND LOSS ACCOUNT - At 31 December 1995-1998

Table- A2

	1995*	1996	1997	1998
Sales	425,863	1,996,777	2,243,825	997,838
Cost of products sold	489,136	1,679,933	2,495,270	1,560,887
Gross operating profit (loss)	(63,273)	316,844	(251,445)	(563,049)
Other income	12,245	32,886	10,251	1,442
	(51,028)	349,730	241,194	(561,607)
EXPENSES:				
Administration and selling	179,990	475,268	429,695	382,575
Financial charges	120,648	568,795	625,617	636,981
Audit fee	5,500	11,000	10,000	5,500
Provision for bad debts	-	-	-	280,424
Non-operating costs	-	321,946	234,687	-
	306,138	1,377,009	1,299,999	1,305,480
Loss before tax	(357,166)	(1,027,279)	(1,541,193)	(1,867,087)
Tax there on:				
Surtax	-	-	-	34,056
Loss after tax	(357,166)	(1,027,279)	(1,541,193)	(1,901,143)
STATEMENT OF ACCUMULATED LOSS:				
Balance brought forward	3,316,588	3,780,432	4,833,079	6,377,158
Loss for the period	357,166	1,027,279	1,541,193	1,901,143
Prior period's adjustment	106,678	25,368	2,886	(170,709)
	3,780,432	4,833,079	6,377,158	8,107,592

*N.B. The figures of 1995 were for three months.

Post-privatisation changes in management control, firm activities and performance

ASMARA SWEATER AND GARMENT FACTORY, PLC

DETAILED COMPARATIVE PROFIT AND LOSS ACCOUNT

Table- A3

	1998	1999	2000	2001	2002	2003	2004
Sales	1,248,162	6,224,936	3,958,006	1,502,516	2,439,298	1,509,667	2,048,481
Cost of Sales	931,683	5,104,593	3,936,398	1,894,793	1,705,398	1,197,193	1,776,927
Gross Profit	316,479	1,120,343	21,608	(392,277)	733,900	312,494	271,554
Gain from Revaluation of Assets	113,860	178,366	178,366	178,366	178,366	178,366	178,366
Gain on Exchange	-	-	-	-	-	-	-
Other Income	-	50,936	240,112	58,474	57,964	287,637	28,561
	430,339	1,349,645	440,086	(155,437)	970,230	778,497	478,481
Administration & Selling:							
Salaries & Wages	76,842	211,478	156,313	114,380	177,541	171,853	162,657
Employee benefits	-	2,756	4,625	7,764	8,485	8,716	8,468
Stationery & Printing	2,665	13,776	68,564	33,947	9,875	10,960	13,767
Postage, Telephone & Fax	18,587	54,874	49,989	72,897	33,244	32,416	37,454
Insurance	6,002	5,630	5,563	5,186	4,391	4,542	4,297
Fuel and Lubricants	2,681	17,137	8,654	8,406	8,397	7,657	11,809
Repair & Maintenance	3,314	17,403	21,835	535	9,812	16,239	7,024
Utilities	3,420	7,267	6,309	12,233	14,987	21,218	18,532
Rent	45,000	91,500	119,734	115,500	121,000	133,500	134,235
Depreciation	22,357	46,543	48,387	51,976	54,058	65,740	32,170
Audit Fee	8,250	13,200	13,200	13,200	13,200	13,200	-
Interest and Bank Charges	13,918	209,577	308,967	411,135	606,868	681,513	710,346
Travel & per-diem	-	66,752	40,174	38,453	135,988	52,368	116,116
Donation	-	19,560	105,000	-	-	-	-
Loss on exchange	-	111,242	-	-	-	-	13,339
Design charge	-	-	18,200	-	-	-	-
Sundry	25,142	29,112	58,605	52,696	43,294	115,404	64,419
	228,178	917,807	1,034,119	938,308	1,241,140	1,335,326	1,334,633
Profit (Loss) before Tax	202,161	431,838	(594,033)	(1,093,745)	(270,910)	(556,829)	(856,152)

ASMARA SWEATER AND GARMENT FACTORY, PLC
COMPARATIVE BALANCE SHEETS

Table- A4

ASSETS	1998	1999	2000	2001	2002	2003	2004
EMPLOYED							
FIXED ASSETS	6,714,137	6,688,611	6,749,846	6,191,190	6,074,187	5,586,952	4,861,649
INVESTMENT	-	-	51,500	70,250	71,850	-	-
CURRENT ASSETS:							
Stock and Stores	525,387	3,804,087	2,612,341	2,567,576	4,531,898	5,386,453	5,027,601
Sister company	874,912	1,044,895	744,758	1,052,462	-	-	-
Debtors and prepayments	355	300,968	52,100	105,749	214,265	39,699	21,308
Cash at bank and on hand	1,328	608,939	12,593	41,230	57,078	29,033	296,243
	1,401,983	5,758,889	3,421,792	3,767,017	4,803,241	5,455,185	5,345,152
CURRENT LIABILITIES:							
Creditors and accruals	452,198	1,796,533	265,992	287,877	393,778	743,795	2,260,876
Bank overdraft	408,321	1,995,358	2,643,761	4,170,703	5,862,562	6,340,599	5,011,838
Taxes	80,413	289,761	62,972	9,838	57,650	57,650	97,564
Financial obligation (deferred credit)	3,453,440	3,275,074	-	-	-	-	-
Current maturity of long term loan	-	969,080	622,980	238,200	-	-	-
	4,394,372	8,325,806	3,595,705	4,706,618	6,313,990	7,142,044	7,370,278
Net Current Assets	(2,992,389)	(2,566,917)	(173,913)	(939,601)	(1,510,749)	(1,686,859)	(2,025,126)
FINANCED BY:							
Share capital	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Legal reserve	6,087	15,848	15,848	15,848	15,848	15,848	15,848
Revaluation (or Capital) reserve	-	-	3,096,708	2,918,342	2,739,976	2,561,610	2,383,244
Accumulated profit (loss)	115,661	301,124	(355,881)	(1,449,626)	(1,720,536)	(2,277,365)	(3,162,569)
	3,721,748	3,916,972	6,356,675	5,084,564	4,635,288	3,900,093	2,836,523
Long term loan	-	204,722	270,758	237,275	-	-	-
	3,721,748	4,121,694	6,627,433	5,321,839	4,635,288	3,900,093	2,836,523

Firm Performance:

1. Profitability:

Table- A5

Year	1995*	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Sales Trend	21.33	100	112.37	49.97	62.51	311.75	198.22	75.25	122.16	75.61	102.59
ROS ₁ (percent)	(14.86)	15.87	(11.21)	(56.43)	25.36	18.00	0.55	(26.11)	30.09	20.70	13.26
ROS ₂ (percent)	(83.87)	(51.45)	(68.69)	(190.53)	9.27	2.98	(16.60)	(72.79)	(11.11)	(36.88)	(41.79)
ROA (percent)	(8.38)	(25.79)	(53.97)	(103.44)	1.43	1.49	(6.43)	(10.91)	(2.47)	(5.04)	(8.39)
ROE (percent)	N.A.	N.A.	N.A.	N.A.	3.11	4.73	(10.34)	(21.51)	(5.84)	(14.28)	(30.18)

*N.B. The figures for 1995 are for three months. 1998B represents records before privatisation and 1998A reflects records after privatisation.

2. Labour Productivity (LP):

Table- A6

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Revenues*	438,108	2,029,663	2,254,076	999,280	1,248,162	6,275,872	4,198,118	1,560,990	2,497,262	1,797,304	2,077,042
CPI figures	100	100	113.14	114.38	114.38	107.15	118.78	141.73	161.13	196.18	221.90
Annual Revenues**	438,108	2,029,663	1,992,289	873,649	1,091,241	5,857,090	3,534,364	1,101,383	1,549,843	916,150	936,026
No. of Employees	195	195	195	148	148	150	123	53	60	73	66
LP	2,247	10,409	10,217	5,903	7,373	39,047	28,735	20,781	25,831	12,550	14,182

N.B. * Revenues: indicate the total annual sales from operations plus other income.

** Annual Revenue figures indicate deflated Revenue values using CPI figures from Appendix C, Table- C7.

3. Operating Efficiency: (a) Sales Efficiency (SE):

Table- A7

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Sales (nominal)	425,863	1,996,777	2,243,825	997,838	1,248,162	6,224,936	3,958,006	1,502,516	2,439,298	1,509,667	2,048,481
CPI figures	100	100	113.14	114.38	114.38	107.15	118.78	141.73	161.13	196.18	221.90
Real Sales*	425,863	1,996,777	1,983,229	872,389	1,091,241	5,809,553	3,332,216	1,060,126	1,513,870	769,532	923,155
No. of Employees	195	195	195	148	148	150	123	53	60	73	66
SE	2,184	10,240	10,170	5,895	7,373	38,730	27,091	20,002	25,231	10,542	13,987

N.B. *Real Sales = Nominal Sales ÷ CPI

(b) Net Income Efficiency (NIE):

Table- A8

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Net Income	(357,166)	(1,027,279)	(1,541,193)	(1,901,143)	115,661	185,463	(657,005)	(1,093,745)	(270,910)	(556,829)	(856,152)
CPI figures	100	100	113.14	114.38	114.38	107.15	118.78	141.73	161.13	196.18	221.90
Net Income*	(357,166)	(1,027,279)	(1,362,200)	(1,662,129)	101,120	173,087	(553,128)	(771,710)	(168,131)	(283,836)	(385,828)
No. of Employees	195	195	195	148	148	150	123	53	60	73	66
NIE	N.A.	N.A.	N.A.	N.A.	683.24	1,153.91	N.A.	N.A.	N.A.	N.A.	N.A.

N.B. *Net Income: represents deflated nominal net income figures.

4. Output:

Table- A9

Year	1995	1996	1997**	1998B	1998A	1999	2000	2001	2002	2003	2004
Real Sales*	425,863	1,996,777	1,983,229	872,389	1,091,241	5,809,553	3,332,216	1,060,126	1,513,870	769,532	923,155
Trend (%)	21.47	100.68	100	43.99	55.02	292.93	168.02	53.45	76.33	38.80	46.55

** 1997 served as a base year.

5. Employment:

Table- A10

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Manpower	195	195	195	148	148	150	123	53	60	73	66
Trend (%)	100	100	100	75.90	75.90	76.92	63.08	27.18	30.77	37.44	33.85

6. Leverage: (a) Total debt to asset ratio:

Table- A11

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Total Debt	6,132,794	6,905,702	7,321,641	5,295,987	4,394,372	8,530,528	3,866,463	4,943,893	6,313,990	7,142,044	7,370,278
Total Assets	4,263,350	3,983,611	2,855,471	1,837,959	8,116,120	12,447,500	10,223,138	10,028,457	10,949,278	11,042,137	10,206,801
Debt to Asset ratio	1.44	1.73	2.56	2.88	0.54	0.69	0.38	0.49	0.58	0.65	0.72

(b) Long term debt to asset ratio:

Table- A12

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Long term debt (LTD)	-	-	-	-	-	1,704,722	270,758	237,275	-	-	-
Total Assets	4,263,350	3,983,611	2,855,471	1,837,959	8,116,120	12,447,500	10,223,138	10,028,457	10,949,278	11,042,137	10,206,801
L.T.D to Asset ratio	N.A.	N.A.	N.A.	N.A.	N.A.	0.1370	0.03	0.02	N.A.	N.A.	N.A.

Post-privatisation changes in management control, firm activities and performance

(c) Long term debt to equity ratio:

Table- A13

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003	2004
Long term Debt	-	-	-	-	-	1,704,722	270,758	237,275	-	-	-
Equity	N.A.	N.A.	N.A.	N.A.	3,721,748	3,916,972	6,356,675	5,084,564	4,635,288	3,900,093	2,836,523
L.T.D. to Equity ratio	-	-	-	-	-	0.4352	0.0426	0.0467	-	-	-

7. Capital Investment: (a) Capital Expenditures to Sales:

Table- A14

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003
Capital Expenditure	N.A.	N.A.	N.A.	N.A.	7,011,850	481,655	62,645	6,162	480,061	149,447
Sales	425,863	1,996,777	2,243,825	997,838	1,248,162	6,224,936	3,958,006	1,502,516	2,439,298	1,509,667
Capital Exp. to Sales	-	-	-	-	5.6177	0.0774	0.0158	0.0041	0.1968	0.0990

(b) Capital Expenditures to Assets:

Table- A15

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003
Capital Expenditure	N.A.	N.A.	N.A.	N.A.	7,011,850	481,655	62,645	6,162	480,061	149,447
Assets	4,263,350	3,983,611	2,855,471	1,837,959	8,116,120	12,447,500	10,223,138	10,028,457	10,949,278	11,042,137
Capital Exp. to Assets	-	-	-	-	0.8639	0.04	0.0061	0.0006	0.0438	0.0135

8. Taxes:

Table- A16

Year	1995	1996	1997	1998B	1998A	1999	2000	2001	2002	2003
Total annual taxes	N.A.	N.A.	N.A.	34,056*	477,281	1,331,395	475,742	151,448	114,418	156,957
Sales	425,863	1,996,777	2,243,825	997,838	1,248,162	6,224,936	3,958,006	1,502,516	2,439,298	1,509,667
Tax per unit of sales	-	-	-	0.0341	0.3824	0.2139	0.1202	0.1008	0.0469	0.1040

* The amount specifically represented Sur tax, because no other taxes were available/included with the statements.

Details of Taxes & Duties:

Table- A17

Types of Taxes:	1998	1999	2000	2001	2002	2003
1. Customs Duty	223,378	293,832	-	-	-	-
2. Excise Tax	-	-	-	-	-	-
3. Sales Tax	78,357	632,888	316,199	116,213	69,949	101,337
4. Sur Tax	94,138	53,133	62,972	-	-	-
5. Personal Income Tax	61,408	98,252	96,571	35,235	44,469	55,620
6. Profit Tax	-	148,476	-	-	-	-
7. Municipality Tax	-	4,814	-	-	-	-
8. Others: Donations 'or' Development fee	20,000	100,000	-	-	-	-
TOTAL	477,281	1,331,395	475,742	151,448	114,418	156,957

9. Others:

Table- A18

Year	1998	1999	2000	2001	2002	2003
Net Income (Loss) after tax	115,661	185,463	(657,005)	(1,093,745)	(270,910)	(556,829)
Long-term debt (loan)	-	1,500,000	-	-	-	-

Appendix B: Data from Asmara Wine & Liquor Factory [AW&LF]

Table- B1

Comparative Balance Sheet	Reports During Public Ownership Period					Reports After Privatisation				
	1993	1994	1995	1996	1997	1999	2000	2001	2002	2003
Assets:										
Cash	229,000	829,000	1,320,000	1,593,000	2,144,000	51,236	1,541,526	1,519,711	1,868,723	92,708
A/Receivable	111,000	64,000	72,000	15,000	32,000	211,783	110,570	49,607	38,869	664,963
Rec. from shareholders	-	-	-	-	-	6,210,000	6,015,886	6,015,886	4,992,545	4,992,545
Stock	1,852,000	1,825,000	2,180,000	2,579,000	2,202,000	1,273,046	1,365,048	3,993,540	2,447,743	3,617,835
Goods in transit	-	-	-	-	-	-	408,538	408,538	927,300	-
Current Assets	2,192,000	2,718,000	3,572,000	4,187,000	4,378,000	7,746,065	9,441,568	11,987,282	10,275,180	9,368,051
Fixed Assets (net)	69,000	61,000	242,000	197,000	155,000	8,807,492	8,102,840	5,367,341	5,000,897	4,673,720
Total Assets	2,261,000	2,779,000	3,814,000	4,384,000	4,533,000	16,553,557	17,544,408	17,354,623	15,276,077	14,041,771
Liabilities & Shareholder's Equity:										
Liabilities:										
A/Payable	398,000	286,000	627,000	287,000	747,000	1,039,710	2,839,140	2,837,885	1,581,492	1,844,474
R/Enterprises	371,000	308,000	302,000	313,000	-	-	-	-	-	-
Provision for taxes	239,000	295,000	475,000	664,000	692,000	176,349	443,461	1,398,538	193,100	-
Bank loan-current	-	-	-	-	-	1,348,320	1,348,320	495,709	1,000,000	-
Overdraft	496,000	-	-	-	-	763,379	-	-	-	171,713
C. Charge	49,000	-	-	-	-	-	-	-	-	-
R. Surplus	39,000	-	-	-	1,208,000	-	-	-	-	-
Dividends	-	-	-	1,164,000	-	-	-	-	-	-
Deferral	288,000	297,000	334,000	303,000	-	-	-	-	-	-
Bank Loan (long-term)	-	-	-	-	-	3,559,164	2,649,167	-	-	-
Total Liability	1,880,000	1,181,000	1,738,000	2,731,000	2,647,000	6,886,922	7,280,088	4,732,132	2,774,592	2,016,187
Capital:										
State Capital	470,000	470,000	470,000	470,000	470,000	-	-	-	-	-
Share Capital	-	-	-	-	-	9,450,000	9,450,000	9,450,000	9,450,000	9,450,000
Legal Reserve	(374,000)	391,000	759,000	1,183,000	1,416,000	21,663	51,657	312,698	331,477	331,477
Retained Earnings	285,000	737,000	847,000	-	-	194,973	762,663	2,859,793	2,720,008	2,244,107
Total Capital	381,000	1,598,000	2,076,000	1,653,000	1,886,000	9,666,635	10,264,320	12,622,491	12,501,485	12,025,584
Total Liability & Capital	2,261,000	2,779,000	3,814,000	4,384,000	4,533,000	16,553,557	17,544,408	17,354,623	15,276,077	14,041,771

Comparative Income Statements:

Table- B2

	Reports During Public Ownership Period					Reports After Privatisation				
	1993	1994	1995	1996	1997	1999	2000	2001	2002	2003
Revenue:										
Sales	1,854,000	2,469,000	3,233,000	4,538,000	4,442,000	3,567,590	5,679,138	7,634,511	6,658,073	5,052,112
Cost of Sales	1,053,000	1,294,000	1,469,000	2,292,000	2,060,000	2,359,812	3,360,412	4,660,146	5,069,978	4,168,733
Gross profit	801,000	1,175,000	1,764,000	2,259,000	2,382,000	1,207,778	2,318,726	2,974,364	1,588,095	883,379
Other income	-	-	-	-	-	38,081	73,890	1,932,275	13,318	989
	801,000	1,175,000	1,764,000	2,259,000	2,382,000	1,245,859	2,392,616	4,906,639	1,601,413	884,368
Operating Expenses:										
Selling & Distribution	125,000	122,000	107,000	195,000	216,000	360,387	365,039	733,814	493,528	600,433
Administration	271,000	295,000	333,000	214,000	248,000	203,727	481,244	352,274	523,309	615,618
Interest on bank	2,000	-	-	-	-	281,061	490,030	99,197	2,336	63,252
Auditing & accounting fee	9,000	12,000	16,000	16,000	18,000	7,700	14,300	11,000	14,300	14,300
Total operating expenses	407,000	429,000	456,000	427,000	482,000	852,875	1,350,613	1,196,285	1,033,473	1,323,603
Earnings Before Taxes	394,000	746,000	1,308,000	1,832,000	1,900,000	392,984	1,042,003	3,710,354	567,940	(439,235)
Less: Provision for taxes	(181,000)	(295,000)	(462,000)	(666,000)	(692,000)	(176,349)	(443,461)	(1,398,538)	(193,100)	-
Legal reserve	-	-	-	-	-	(21,663)	(29,994)	(231,182)	(18,778)	-
Net Earnings after Taxes	213,000	451,000	846,000	1,166,000	1,208,000	194,973	568,548	2,080,634	356,062	(439,235)

Product Sales for 2003:

Table- B3

	PRODUCTS				TOTAL
	Wine	Liquor	Syrup	Aperitif	
Sales Value	789,454.39	3,837,548.19	183,176.76	241,939.86	5,052,119.20
Percentage Value	15.63%	75.96%	3.63%	4.79%	100%

N.B. Source: *Factory records.*

Post-privatisation changes in management control, firm activities and performance

Average Yearly Engaged Manpower:

Table- B4

Year	1999	2000	2001	2002	2003	2004
Manpower	38	36	51	40	37	39
Trend (%)	100	94.74	134.21	105.26	97.37	102.63
Female proportion	36%	36%	46%	N.A.	N.A.	N.A.

Firm Performance:

1. Profitability:

Table- B5

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sales Trend	100%	133.17	174.38	244.77	239.59	-	192.43	306.32	411.79	359.12	272.50
ROS ₁ (percent)	43.20	47.59	54.56	49.78	53.62	-	33.85	40.83	38.96	23.85	17.49
ROS ₂ (percent)	11.49	18.27	26.17	25.69	27.19	-	5.47	10.01	27.25	5.35	(8.69)
ROA (percent)	9.42	16.23	22.18	26.60	26.65	-	1.18	3.24	11.99	2.33	(3.13)
ROE (percent)	55.91	28.22	40.75	70.54	64.05	-	2.02	5.54	16.48	2.85	(3.65)

2. Labour Productivity (LP):

Table- B6

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues*	1,854,000	2,469,000	3,233,000	4,538,000	4,442,000	-	3,605,671	5,753,028	9,566,786	6,671,391	5,053,101	-
CPI figures	100	100	100	100	103.84	109.02	116.16	132.35	152.40	184.77	233.49	252.81
Annual Revenues**	1,854,000	2,469,000	3,233,000	4,538,000	4,277,735	-	3,104,056	4,346,829	6,277,419	3,610,646	2,164,162	-
No. of Employees	47	47	47	47	47	47	38	36	51	40	37	39
LP	39,447	52,532	68,787	96,553	91,016	-	81,686	120,745	123,087	90,266	58,491	-

N.B. * Revenues: indicate the total annual sales from operations plus other income.

** Annual Revenue figures are deflated Revenue values using CPI. The Consumer Price Index [CPI] is available in Appendix C, Table- C7.

3. Operating Efficiency: (a) Sales Efficiency (SE):

Table- B7

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Sales (nominal)	1,854,000	2,469,000	3,233,000	4,538,000	4,442,000	-	3,567,590	5,679,138	7,634,511	6,658,073	5,052,112	-
CPI figures	100	100	100	100	103.84	109.02	116.16	132.35	152.40	184.77	233.49	252.81
Real Sales*	1,854,000	2,469,000	3,233,000	4,538,000	4,277,735	-	3,071,272	4,291,000	5,009,522	3,603,438	2,163,738	-
No. of Employees	47	47	47	47	47	47	38	36	51	40	37	39
SE	39,447	52,532	68,787	96,553	91,016	-	80,823	119,194	98,226	90,086	58,479	-

N.B. *Real Sales = Nominal Sales ÷ CPI

(b) Net Income Efficiency (NIE):

Table- B8

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net Income	213,000	451,000	846,000	1,166,000	1,208,000	-	194,973	568,548	2,080,634	356,062	(439,235)	-
CPI figures	100	100	100	100	103.84	109.02	116.16	132.35	152.40	184.77	233.49	252.81
Net Income*	213,000	451,000	846,000	1,166,000	1,163,328	-	167,849	429,579	1,365,245	192,706	(118,117)	-
No. of Employees	47	47	47	47	47	47	38	36	51	40	37	39
NIE	4,532	9,596	18,000	24,809	24,752	-	4,417	11,933	26,770	4,818	(5,084)	-

N.B. * Net Income - represents deflated nominal net income figures.

4. Output:

Table- B9

Year	1993	1994	1995	1996	1997**	1998	1999	2000	2001	2002	2003	2004
Real Sales*	1,854,000	2,469,000	3,233,000	4,538,000	4,277,735	-	3,071,272	4,291,000	5,009,522	3,603,438	2,163,738	-
Sales Trend (%)	43.34	57.72	75.58	106.08	100	-	71.80	100.31	117.11	84.24	50.58	-

** 1997 is taken as a base year due to its stability.

5. Employment:

Table- B10

Year	1997	1998	1999	2000	2001	2002	2003	2004
Manpower	47	47	38	36	51	40	37	39
Trend	100%	100	81	77	109	85	79	83

Post-privatisation changes in management control, firm activities and performance

6. Leverage: (a) Total debt to asset ratio:

Table- B11

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Debt	1,880,000	1,181,000	1,738,000	2,731,000	2,647,000	-	6,886,922	7,280,088	4,732,132	2,774,592	2,016,187
Total Assets	2,261,000	2,779,000	3,814,000	4,384,000	4,533,000	-	16,553,557	17,544,408	17,354,623	15,276,077	14,041,771
Debt to Asset ratio (%)	83.15	42.50	45.57	62.29	58.39	-	41.60	41.50	27.27	18.16	14.36

(b) Long term debt to asset ratio:

Table- B12

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Long term Debt (LTD)	-	-	-	-	-	-	4,907,484	2,649,167	-	-	-
Total Assets	2,261,000	2,779,000	3,814,000	4,384,000	4,533,000	-	16,553,557	17,544,408	17,354,623	15,276,077	14,041,771
L.T.D. to Asset ratio (%)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	29.65	15.10	N.A.	N.A.	N.A.

(c) Long term debt to equity ratio:

Table- B13

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Long term Debt	-	-	-	-	-	-	4,907,484	2,649,167	-	-	-
Equity	381,000	1,598,000	2,076,000	1,653,000	1,886,000	-	9,666,635	10,264,320	12,622,491	12,501,485	12,025,584
L.T.D. to Equity ratio (%)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	50.77	25.81	N.A.	N.A.	N.A.

7. Capital Investment: (a) Capital Expenditures to Sales:

Table- B14

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Capital Expenditure	-	-	-	-	-	-	457,321	-	15,000	266,868	324,673
Sales	1,854,000	2,469,000	3,233,000	4,538,000	4,442,000	-	3,567,590	5,679,138	7,634,511	6,658,073	5,052,112
Capital Exp. to Sales	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.82	N.A.	0.20	4.01	6.43

(b) Capital Expenditures to Assets:

Table- B15

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Capital Expenditure	-	-	-	-	-	-	457,321	-	15,000	266,868	324,673
Assets	2,261,000	2,779,000	3,814,000	4,384,000	4,533,000	-	16,553,557	17,544,408	17,354,623	15,276,077	14,041,771
Capital Exp. to Assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	2.76	N.A.	0.09	1.75	2.31

8. Taxes:

Table- B16

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total annual taxes	-	-	-	-	-	-	1,375,847	2,331,879	3,008,129	2,328,037	1,725,674
Sales	1,854,000	2,469,000	3,233,000	4,538,000	4,442,000	-	3,567,590	5,679,138	7,634,511	6,658,073	5,052,112
Tax per unit of sales	N.A.	N.A.	N.A.	N.A.	N.A.	-	38.57	41.06	39.40	34.97	34.16

Details of Taxes & Duties:

Table- B17

<i>Types of Taxes:</i>	1997	1998	1999	2000	2001	2002	2003
1. Customs Duty	NA	NA					32,577
2. Excise Tax	NA	NA	618,168	982,120	1,024,966	1,064,877	708,638
3. Sales Tax	NA	NA	429,993	688,647	429,993	800,944	606,506
4. Sur-Tax	NA	NA	53,514	85,187	-	-	-
5. Personal Income Tax	NA	NA	33,306	41,017	36,600	104,741	127,203
6. Profit Tax	NA	NA	107,105	316,554	1,234,004	170,382	124,703
7. Municipality Tax	NA	NA	15,729	41,720	164,534	22,718	16,627
8. Others: Donations 'or' Development fee	NA	NA	118,032	176,634	118,032	164,375	109,420
TOTAL	NA	NA	1,375,847	2,331,879	3,008,129	2,328,037	1,725,674

9. OTHERS: Investment & Liability

Table- B18

Year	1997	1998	1999	2000	2001	2002	2003
Capital Expenditure	-	-	457,231	-	15,000	266,868	324,673
Long-term debt (loan)	-	-	4,907,484	2,649,167	-	-	-

Appendix-C: Data from Red Sea Bottler's Share Company [RSBSC]

Comparative Balance Sheets – I (Before privatisation)

Table- C1

	1993	1994	1995	1996 to January 19, 1997
ASSETS:				
Current Assets:				
Cash and bank balances	4,109,799	3,039,569	8,690,621	6,548,872
Related Enterprises	44,031	26,240	-	9,319
Debtors	2,140,605	1,898,521	5,077,337	3,161,339
Stocks	8,784,046	17,029,630	14,461,250	21,001,437
Total current assets	15,078,481	21,993,960	28,229,208	30,720,967
Fixed Assets	1,238,548	1,134,539	2,318,917	1,789,424
Investments	7,880	-	-	-
Total Assets	16,324,909	23,128,499	30,548,125	32,510,391
LIABILITIES & CAPITAL:				
Liabilities:				
Current Liabilities:				
Creditors	4,318,831	4,041,186	6,180,192	3,254,736
Related enterprises	11,349	1,172	28,578	-
Bank overdraft	795,464	-	-	-
Provision for taxation	4,193,716	4,105,890	4,345,519	4,291,115
Capital charge payable	85,170	-	-	-
Dividend payable	-	-	5,707,173	9,479,393
Total current liabilities	9,404,530	8,148,248	16,261,462	17,025,244
Long-term Liabilities:				
Deferred Liabilities	1,406,631	2,079,583	3,382,959	4,485,930
Total Liabilities	10,811,161	10,227,831	19,644,421	21,511,174
Capital:				
State Capital	722,239	722,239	722,239	722,239
Grant	574,918	580,018	580,018	675,531
General Reserve (Loss)	(1,106,083)	1,232,937	9,601,447	9,601,447
Unappropriated Profit	5,322,674	10,365,474	-	-
Total Capital	5,513,748	12,900,668	10,903,704	10,999,217
Total Liabilities & Capital	16,324,909	23,128,499	30,548,125	32,510,391

Comparative Balance Sheets – II (After privatisation)

Table- C2

	1997	1998	1999	2000	2001	2002	2003
ASSETS:							
Current Assets:							
Cash at bank and on hand	48,569,714	2,148,646	1,276,791	1,563,178	4,066,295	5,878,191	33,093,272
Regional Office	-	3,152,020	6,086	-	-	-	-
Debtors and prepayments	2,695,978	3,229,977	1,426,613	9,660,197	6,103,489	6,395,064	6,925,525
Stocks and stores	22,105,638	36,264,989	59,975,205	72,076,365	111,307,071	117,888,264	119,553,110
Total current assets	73,371,330	44,795,632	62,684,695	83,299,740	121,476,855	130,161,519	159,571,907
Fixed Assets	8,166,757	106,239,637	104,247,618	100,616,038	91,317,244	79,668,334	74,488,481
Goodwill	2,843,583	2,530,528	2,217,473	1,904,420	1,591,363	1,278,308	965,253
Project account	46,318,295	-	-	-	-	-	-
Total Assets	130,699,965	153,565,797	169,149,786	185,820,198	214,385,462	211,108,161	235,025,641
LIABILITIES & CAPITAL:							
Liabilities:							
Current Liabilities:							
Deferred income	8,909,728	-	-	-	-	-	-
Creditors and accruals	5,750,558	12,127,382	24,999,719	20,740,581	31,811,830	37,314,042	41,093,671
Provision for taxation	2,018,219	383,985	2,719,341	6,214,173	6,947,807	2,864,586	8,148,777
Bank overdraft	-	19,053,001	826,266	5,256,527	9,408,590	-	-
Regional office	-	-	16,747,804	23,784,768	25,401,642	26,469,771	27,805,596
Total current liabilities	16,678,505	31,564,368	45,293,130	55,996,049	73,569,869	66,648,399	77,048,044
Long-term Liabilities:	-	-	-	-	-	-	-
Total Liabilities	16,678,505	31,564,368	45,293,130	55,996,049	73,569,869	66,648,399	77,048,044
Capital:							
Share Capital	107,340,400	107,340,400	107,340,400	107,340,400	107,340,400	107,340,400	107,340,400
General Reserve	3,400,000	13,343,415	13,343,415	13,146,182	13,146,182	13,146,182	13,146,182
Legal Reserve (Loss)	164,053	164,053	256,814	565,050	1,114,622	1,392,655	2,068,547
Retained Earnings	3,117,007	1,153,561	2,916,027	8,772,517	19,214,389	22,580,525	35,422,468
Total Capital	114,021,460	122,001,429	123,856,656	129,824,149	140,815,593	144,459,762	157,977,597
Total Liabilities & Capital	130,699,965	153,565,797	169,149,786	185,820,198	214,385,462	211,108,161	235,025,641

Comparative Profit and Loss Statements – I (Before privatisation)

Table- C3

	1993	1994	1995	1996 to January 19, 1997
Revenue:				
Sales	16,605,537	20,896,553	24,786,255	27,751,255
Cost of Products sold	8,162,905	10,311,559	12,771,838	15,212,164
Gross operating profit	8,442,632	10,584,994	12,014,417	12,539,091
Other income	178,971	121,346	78,607	83,640
	8,621,603	10,706,340	12,093,024	12,622,731
Operating Expenses:				
Administration	475,929	647,901	702,514	900,765
Distribution	651,258	799,480	1,004,861	1,472,749
Audit fee	10,000	20,255	20,000	19,900
Total operating expenses	1,137,187	1,467,636	1,727,375	2,393,414
Earnings Before Taxes	7,484,416	9,238,704	10,365,649	10,229,317
Less: Provision for taxes	3,763,152	4,195,904	3,994,103	3,940,934
Net Earnings after Taxes	3,721,264	5,042,800	6,371,546	6,288,383
Transferred to:				
Unappropriated profit	(3,721,264)	(5,042,800)	-	-
Dividend payable	-	-	(3,185,773)	(6,288,383)
General reserve	-	-	(3,185,773)	-
	NIL	NIL	NIL	NIL

Comparative Profit and Loss Statements – II (After privatisation)

Table- C4

	1997	1998	1999	2000	2001	2002	2003
TURNOVER (Sales + Other income)	24,679,789	23,685,662	64,951,240	95,361,404	131,186,190	173,530,530	197,551,373
Profit (loss) before Tax	5,299,279	(1,579,461)	4,574,568	12,378,899	17,939,251	8,425,254	21,666,612
Tax thereon:							
Surtax	-	383,985	983,759	1,434,902	-	-	-
Profit tax	1,806,248	-	1,552,599	4,284,115	6,230,237	2,527,576	7,190,097
Municipal tax	211,971	-	182,983	495,156	717,570	337,010	958,680
Total tax payments	2,018,219	383,985	2,719,341	6,214,173	6,947,807	2,864,586	8,148,777
Profit after tax	3,281,060	(1,963,446)	1,855,227	6,164,726	10,991,444	5,560,668	13,517,835
Legal reserve	164,053	-	92,761	308,236	549,572	278,033	-
Profit (loss) for the year	3,117,007	(1,963,446)	1,762,466	5,856,490	10,441,872	5,282,635	13,517,835
Statement of Retained Earnings:							
Balance brought forward		3,117,007	1,153,561	2,916,027	8,772,517	19,214,389	22,580,525
Prior year's adjustment on taxes		-	-	-	-	(1,916,499)	(675,892)*
Profit (loss) for the year	3,117,007	(1,963,446)	1,762,466	5,856,490	10,441,872	5,282,635	13,517,835
	3,117,007	1,153,561	2,916,027	8,772,517	19,214,389	22,580,525	35,422,468

*N.B. The amount of Nakfa 675,892 represents "transfer to legal reserve".

Manpower distribution in the organisation:

Table- C5

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005
Size	216	307	307	307	307	307	307	307	264

Post-privatisation changes in management control, firm activities and performance

FIXED ASSET CHANGES:

Table- C6

Description:	1997	1998	1999	2000	2001	2002	2003
	Net Increase (Decrease)	Net Increase (Decrease)	Net Increase (Decrease)	Net Increase (Decrease)	Net Increase (Decrease)	Net Increase (Decrease)	Net Increase (Decrease)
1. Construction in progress	-	-	5,386,153	(5,367,153)	N.A.	41,153	5,118
2. Use of Land and Buildings	3,333,750	35,160,774	3,214,813	10639766	N.A.	-	200,690
3. Plant and Machinery	2,584,235	43,749,363	1,614,556	139650	N.A.	11,243	333,100
4. Motor Vehicles	2,602,095	8,637,296	148,331	-	N.A.	-	5,858,191
5. Office Furniture & Equipment	479,685	12,765,235	(100,408)	2121564	N.A.	83,508	3,000
6. Tools	103,988	(103,988)	145,700	11562	N.A.	13,100	100,895
7. Laboratory Equipment	49,006	162,151	188,217	-	N.A.	34,171	47,249
TOTAL FIXED ASSET CHANGES	9,152,759	100,370,831	10,597,362	7,545,389	N.A.	183,175	6,548,243
TOTAL ADDITIONS IN F.A.	9,173,129	103,020,716	10,752,006	12,944,193	2,731,206	183,175	6,548,243

Consumer Price Index (CPI): Average annual CPI figures of commodities.

Table- C7

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005
Beverages & Tobacco	103.84	109.02	116.16	132.35	152.40	184.77	233.49	252.81	258.25
Cloth & Foot wear	113.14	114.38	107.15	118.78	141.73	161.13	196.18	221.90	225.66

N.B. The 1996 consumer prices were taken as a base (meaning set to 100%).

Source: Provisional CPI release for March 2005 by the National Statistics Office [of the Ministry of National Development], Asmara - Eritrea.

Firm Performance:

1. Profitability:

Table- C8

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sales Trend	100.00	125.22	148.14	165.84	147.04	141.12	386.97	568.15	781.59	1033.87	1176.99
ROS ₁ (percent)	50.84	50.65	48.47	45.18	21.47	(6.67)	7.04	12.98	13.67	4.86	10.97
ROS ₂ (percent)	22.41	24.13	25.71	22.66	12.63	(8.29)	2.71	6.14	7.96	3.04	6.84
ROA (percent)	22.80	21.80	20.86	19.34	2.38	(1.28)	1.04	3.15	4.87	2.50	5.75
ROE (percent)	67.49	39.09	58.43	57.17	2.73	(1.61)	1.42	4.51	9.96	3.66	8.56

2. Labour Productivity (LP):

Table- C9

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Revenues*	16,784,508	21,017,899	24,864,862	27,834,895	24,679,789	23,685,662	64,951,240	95,361,404	131,186,190	173,530,530	197,551,373
CPI figures	100	100	100	100	103.84	109.02	116.16	132.35	152.40	184.77	233.49
Annual Revenues**	16,784,508	21,017,899	24,864,862	27,834,895	23,767,131	21,725,978	55,915,323	72,052,439	86,080,177	93,917,048	84,608,066
No. of Employees	216	216	216	216	216	307	307	307	307	307	307
LP	77,706	97,305	115,115	128,865	110,033	70,769	182,135	234,698	280,391	305,919	275,596

N.B. * Revenues: indicate the total annual sales from operations plus other income.

** Annual Revenue figures are deflated Revenue values using CPI.

3. Operating Efficiency: (a) Sales Efficiency (SE):

Table- C10

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sales (nominal)	16,605,537	20,896,553	24,786,255	27,751,255	24,679,789	23,685,662	64,951,240	95,361,404	131,186,190	173,530,530	197,551,373
CPI figures	100	100	100	100	103.84	109.02	116.16	132.35	152.40	184.77	233.49
Real Sales*	16,605,537	20,896,553	24,786,255	27,751,255	23,767,131	21,725,979	55,915,324	72,052,440	86,080,177	93,917,048	84,608,066
No. of Employees	216	216	216	216	216	307	307	307	307	307	307
SE	76,877	96,743	114,751	128,478	110,033	70,769	182135	234,699	280,391	305,919	275,596

N.B. *Real Sales = Nominal Sales ÷ CPI

(b) Net Income Efficiency (NIE):

Table- C11

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Net Income	3,721,264	5,042,800	6,371,546	6,288,383	3,117,007	(1,963,446)	1,762,466	5,856,490	10,441,872	5,282,635	13,517,835
CPI figures	100	100	100	100	103.84	109.02	116.16	132.35	152.40	184.77	233.49
Net Income*	3,721,264	5,042,800	6,371,546	6,288,383	3,001,740	(1,800,996)	1,517,274	4,425,002	6,851,622	2,859,033	5,789,471
No. of Employees	216	216	216	216	216	307	307	307	307	307	307
NIE	17,228	23,346	29,498	29,113	13,897	(5,866)	4,942	14,414	22,318	9,313	18,858

N.B. *Net Income: represented deflated nominal net income figures.

Post-privatisation changes in management control, firm activities and performance

4. Output:

Table- C12

Year	1993	1994	1995	1996**	1997	1998	1999	2000	2001	2002	2003
Real Sales*	16,605,537	20,896,553	24,786,255	27,751,255	23,767,131	21,725,979	55,915,324	72,052,440	86,080,177	93,917,048	84,608,066
Sales Trend (%)	59.84	75.30	89.32	100	85.64	78.29	201.49	259.64	310.18	338.42	304.88

** 1996 served as a base since it was the most stable and productive year for the enterprise during public ownership.

5. Employment:

Table- C13

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005
Manpower	216	307	307	307	307	307	307	307	264
Trend (%)	100	142.13	142.13	142.13	142.13	142.13	142.13	142.13	122.22

6. Leverage: (a) Total debt to asset ratio:

Table- C14

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Debt [D]	10,811,161	10,227,831	19,644,421	21,511,174	16,678,505	31,564,368	45,293,130	55,996,049	73,569,869	66,648,399	77,048,044
Total Assets [A]	16,324,909	23,128,499	30,548,125	32,510,391	130,699,965	153,565,797	169,149,786	185,820,198	214,385,462	211,108,161	235,025,641
D to A ratio	0.6622	0.4422	0.6431	0.6617	0.1276	0.2055	0.2678	0.3013	0.3432	0.3157	0.3278

(b) Long term debt to asset ratio:

Table- C15

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Long term Debt (LTD)	1,406,631	2,079,583	3,382,959	4,485,930	-	-	-	-	-	-	-
Total Assets	16,324,909	23,128,499	30,548,125	32,510,391	130,699,965	153,565,797	169,149,786	185,820,198	214,385,462	211,108,161	235,025,641
L.T.D to Asset ratio	0.0862	0.0899	0.1107	0.1380	-	-	-	-	-	-	-

(c) Long term debt to equity ratio:

Table- C16

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Long term Debt	1,406,631	2,079,583	3,382,959	4,485,930	-	-	-	-	-	-	-
Equity	5,513,748	12,900,668	10,903,704	10,999,217	114,021,460	122,001,429	123,856,656	129,824,149	140,815,593	144,459,762	157,977,597
L.T. Debt to Equity	0.2551	0.1612	0.3103	0.4078	-	-	-	-	-	-	-

7. Capital Investment: (a) Capital Expenditures to Sales:

Table- C17

Year	1997	1998	1999	2000	2001	2002	2003
Capital Expenditure	9,173,129	103,020,716	10,752,006	12,944,193	2,731,206	183,175	6,548,243
Sales	24,679,789	23,685,662	64,951,240	95,361,404	131,186,190	173,530,530	197,551,373
Capital Exp. to Sales	0.3717	4.3495	0.1655	0.1357	0.0208	0.0011	0.0331

(b) Capital Expenditures to Assets:

Table- C18

Year	1997	1998	1999	2000	2001	2002	2003
Capital Expenditure	9,173,129	103,020,716	10,752,006	12,944,193	2,731,206	183,175	6,548,243
Assets	130,699,965	153,565,797	169,149,786	185,820,198	214,385,462	211,108,161	235,025,641
Capital Exp. to Assets	0.0702	0.6709	0.0636	0.0697	0.0127	0.0009	0.0279

8. Taxes:

Table- C19

Year	1993*	1994*	1995*	1996*	1997	1998	1999	2000	2001	2002	2003
Total annual taxes & duties	3,763,152	4,195,904	3,994,103	3,940,934	8,204,460	6,390,598	17,653,322	26,479,936	36,491,548	51,358,841	57,616,257
Sales	16,605,537	20,896,553	24,786,255	27,751,255	24,679,789	23,685,662	64,951,240	95,361,404	131,186,190	173,530,530	197,551,373
Tax per unit of sales	0.2266	0.2008	0.1611	0.1420	0.3324	0.2698	0.2718	0.2777	0.2782	0.2960	0.2917

* The amounts indicated for the years 1993 to 1996 included only annual taxes. However, total annual taxes and duties were reported for years 1997-2003.

Details of Taxes & Duties:

Table- C20

Description	1997	1998	1999	2000	2001	2002	2003	2004
Sales Tax	3,121,596	3,070,426	8,881,641	13,998,591	17,758,731	22,853,739	26,358,491	24,159,622
Excise Tax	-	-	-	-	4,083,202	19,261,653	19,997,260	17,962,597
Profit tax	1,806,248	-	1,552,599	4,284,115	6,230,237	2,527,576	7,190,097	9,418,567
Municipality tax	211,971	-	182,983	495,156	717,570	337,010	958,680	1,255,809
Sur tax	-	383,985	983,759	1,434,902	-	-	-	-
Development fee	1,562,921	1,468,885	3,712,760	4,259,945	5,014,356	3,314,293	-	-
Income tax	254,407	295,032	468,440	638,317	950,841	1,112,722	1,113,271	1,591,766
Customs Duty	1,247,317	1,172,270	1,871,140	1,368,910	1,736,611	1,951,848	1,998,459	2,463,763
Total	8,204,460	6,390,598	17,653,322	26,479,936	36,491,548	51,358,841	57,616,257	56,852,123

Appendix D: An overview of post-privatisation developments [or changes] in the three case firms.

Items:	IMA	AW&LF	RSBSC
General Changes: 1. Employment, training & benefits	<ul style="list-style-type: none"> - decline in employment - lack of skilled & unskilled labour - females dominate the work force and elderly people hold difficult jobs - key positions held by friend & brother - salary [little adjustment] is not satisfactory for employees and new recruits leave for lack of interest - conflict with TU - employees get on the job training - employees are committed, responsible, disciplined, and duty, cost & quality conscious, don't complain on the control system - employees get some benefits 	<ul style="list-style-type: none"> - decline in employment - lack of skilled labour - youth were replaced with females and the elderly - Key positions held by the owners - made salary increments for some years but employees are not yet satisfied and threaten the factory to leave when the youth go for national service - employees got no training but senior people did - the change in employees behaviour is generally same as in IMA - the firm got back some of its employees to work as part of their national service - employees get some benefits 	<ul style="list-style-type: none"> - employment has increased - lack of skilled manpower - the vacant posts of the youth were replaced with females and the elderly people - the company conducts continuous training - salaries got better, annual increments and bonuses are given - employees get better benefits and are satisfied - the change in employees behaviour is same as in the other firms - the firm got back some of its employees to work as part of their national service but these group are relatively less satisfied
2. Product market decisions	<ul style="list-style-type: none"> - threat from cheaper imports, competitor prices and customer behaviour [schools, individuals and government bodies] - focus on delivering high quality, durable products, expansion of market, high return, and satisfaction of customers in the local and export market - the manager is involved in monitoring quality - sales is focused on exports due to small local market, well penetrated European markets via effort of the owner - no marketing department - delivery dates are sensitive for exports 	<ul style="list-style-type: none"> - threat from imports, low competitor prices and shortage of bottles - aim to expand market and deliver better quality products in the local market - to engage in exports in the future - introduced new products - the owners approach clients to create market awareness for the level of quality they deliver - bought delivery trucks and strive to improve delivery time and packaging - restriction on delivery schedule and ads 	<ul style="list-style-type: none"> - strong sales department that has sales developers - expanded its sales distribution across the country, and is much better organised - hires and trains sales agents, bought new delivery trucks, and provides assistance to outlets [e.g., ice at low price, coolers, push carts, etc] - the CCC offers help in sales development - aim at satisfying clients and high quality and adheres on availability, accessibility, and affordability of products - collects feedback from outlets - introduced new products - thorough control on bottles and crates, - restriction on delivery schedule and ads from government

	<ul style="list-style-type: none"> - introduced new products and designs - lack of ships to meet delivery dates - government regulations blocked exports 	<p>from government bodies</p> <ul style="list-style-type: none"> - efforts to produce more products is affected by government regulations 	<p>bodies</p> <ul style="list-style-type: none"> - efforts to produce more products is affected by government regulations
3. Source of raw materials [RM]	<ul style="list-style-type: none"> - RM are mostly imported due to quality concerns and non-availability of some - the owner is involved in importing RM - problems with access to forex, resorted to parallel markets that are expensive and unstable - customs is paid on imports at a value equivalent on official forex rates (consequences on accuracy of records, manufacturing costs, profits and taxes) 	<ul style="list-style-type: none"> - major RM are imported - tough search for empty bottles - no local sources of RM since potential sources are closed or weakened - problem with access to forex like that of IMA - impact of government policy on customs, records, and taxes as in IMA 	<ul style="list-style-type: none"> - almost all RM are imported from authorized suppliers through the help of CCC - there is water supply problem - some delays in shipments - problem with access to forex like the other firms - impact of government policy on customs, records, and taxes like the other firms - tried to solve transparency problem of using forex from parallel market but discontinued due to government policy
4. Organisation structure	<ul style="list-style-type: none"> - reduced the number of departments & sections - the finance is run by a single person [no segregation of duties, delay of recording and reporting and inventory checks] - family member holds key post and is more trusted and holds power - the owner is heavily involved - the firm is considered like a big shop where physical supervision is enough 	<ul style="list-style-type: none"> - the owners hold key top managerial posts, form the BOD and they trust each other - finance is run by par time employee but he is trusted family member of GM - three full time staff work in finance - no internal auditor 	<ul style="list-style-type: none"> - expanded the number of departments and sections - hired qualified people to hold key posts - gives clear job description, plans and mandate - GM enjoys more autonomy and is accountable to the BOD - some problem on defining clear boundary of departmental autonomy from that of GM
5. Investment	<ul style="list-style-type: none"> - more autonomy to decide on investments - replaced some and renovated other machinery with more automation - investment reduced waste generation, improved quality, productivity, and efficiency, made exports possible - significantly reduced leverage ratios [dependency on bank loan for financing] 	<ul style="list-style-type: none"> - more autonomy to decide on investments - replaced some and renovated other machinery, renewed buildings and constructed new stores - investment reduced waste, improved quality, productivity, and efficiency - significantly reduced leverage ratios 	<ul style="list-style-type: none"> - more autonomy to decide on investments - completely built as new and installed new automated bottling line - investment reduced waste generation, improved quality, productivity, and efficiency - significantly reduced leverage ratios
MCS Changes: 1. Planning & Budgeting	<ul style="list-style-type: none"> - formal planning & budgeting is not exercised [due to small size, lack of managerial capacity, lack of sufficient accounting staff, interest of the 	<ul style="list-style-type: none"> - no formal planning and budgeting, but prepares annual sales plan to serve as a best estimate of sales activities 	<ul style="list-style-type: none"> - formal [long-term and short-term] planning and budgeting is exercised on the basis of the business and investment plan that is updated periodically, no capacity problems

Post-privatisation changes in management control, firm activities and performance

	<p>owner, environmental uncertainty and lack of knowledge regarding demand]</p> <ul style="list-style-type: none"> - short-term planning to support daily operations [e.g., orders related work plans] - there is full knowledge of standard input requirements for products 	<ul style="list-style-type: none"> - short-term planning [e.g., production targeted at replenishing the stock of finished products] - standard inputs for a batch is known - materials inventory is monitored on a monthly basis to plan purchase - the firm keeps safety stock 	<ul style="list-style-type: none"> - sales forecasts are made regularly - such planning and budgeting is used for control purposes and employees get reward based on their performance - there is full knowledge of batch level input-output relationship, safety stock is kept
2. Product costing & Pricing	<ul style="list-style-type: none"> - standard costs are used for sweaters but actual costs for garment and leather items - it uses process costing and job order costing based on type of orders - OH cost contains significant personal expenses [travel, telephone, fuel, etc] - costs are affected by forex, inflation, labour market conditions and loss on exchange - no pricing freedom on the tiny local market but enjoys freedom on exports - it allows volume discounts on local bids - exports attract higher prices than normal 	<ul style="list-style-type: none"> - manufacturing OH cost contains depreciation on office buildings - estimated actual costs are used, they are quarterly revised - costs are affected by forex, inflation labour market conditions, high taxes and loss on exchange - pricing is affected by tough competition 	<ul style="list-style-type: none"> - product prices [at company level and retail] are fixed that are controlled by the CCC and there is no freedom to implement independent changes unless approved - it is possible to negotiate for input prices with the CCC if they affect profitability or when costs are affected by inflation - costs are affected by forex, loss on exchange, high taxes and inflation [on fuel, power, etc]
3. Internal reporting & Decision-making	<ul style="list-style-type: none"> - reporting to the MTI is limited to filling the pre-designed forms - the factory avoided some inter-departmental reports but regularly sends some reports to the owners as they have requested for them - daily production reports have emerged stronger and are used to monitor productivity - decision-making is shared by the owner, manager, and department heads - decisions are made fast - computerisation was introduced in 2004 and has replaced some manual records, facilitated speed of reporting, and improved accuracy 	<ul style="list-style-type: none"> - it fills information on the pre-designed forms for MTI - the owners encourage recording, reporting and use of relevant forms - past forms are used to a large extent, modified some and dropped few - introduced usage of separate store issue vouchers for each input item - introduced some analysis methods - decisions are made fast and the owners are cost conscious - computerisation [has brought similar effects as in IMA] 	<ul style="list-style-type: none"> - sends few information to MTI using the pre-designed forms - the company follows coca-cola recording and reporting system that is more broad, structured, explicit and formal with details of forms, reports and analysis - internal reports are used frequently - employees' knowledge & capacity has improved - use of computers and software programs speeded recording and reporting, improved accuracy, replaced manual records and files, facilitated analysis and tracing of old data, enabled networking, facilitates analysis of the QC department

	- the owner visits at semi-annual intervals	- daily informal contact among owners	
4. Cost control & Waste minimisation	<ul style="list-style-type: none"> - input standards of sweaters are effectively used for controlling resource consumption - garment and leather inputs are controlled at the time of issuance - activities are organised cost effectively - daily production reports are used to control labour productivity - size of manpower is continuously monitored to reduce cost of idle labour and/or overtime - the nature of job controls smooth flow of processes at each step 	<ul style="list-style-type: none"> - input-output relationship is known and is used to control resource usage - product quality is mainly checked during the production process - empty bottle requirement plan is prepared to facilitate production and control bottle breakages - size of manpower is monitored regularly to reduce cost of idle labour - customer complaints are used as an input for further improvements 	<ul style="list-style-type: none"> - input-output standards [e.g., yields] are used to monitor resource consumption - quality of each plant is checked - the breakage and sanitation committee controls breakage of bottles, crates, etc - continuous monitoring and supervision of quality - mechanical efficiency and line utilisation are used for control purposes - the CCC conducts its independent quality checks - customer complaint reports are effectively used - the nature of machinery controls work
5. Performance measurement and evaluation	<ul style="list-style-type: none"> - internal reports, resource consumption, and financial ratios are used for control - profitability is monitored annually - quality is checked at each step - results indicate fluctuating sales and output trends, poor profitability ratios, but improved sales efficiency and labour productivity, - physical supervision is used to control activities - there is lack of managerial capacity 	<ul style="list-style-type: none"> - performance is monitored using daily, weekly, monthly and annual reports - sales trend and variance analysis are used and quality is constantly checked - results indicate fluctuating labour productivity, sales efficiency and output; but profitability is poor - the BOD have monthly meetings to monitor activities and plan purchases - the owners lack managerial capacity - competition affected firm performance 	<ul style="list-style-type: none"> - production and sales performance is monitored on a daily, weekly, monthly quarterly and annual basis - performance of areas, sales agents and outlets is monitored on a daily basis and supervision is heavily used - performance reports on each activity is conducted monthly, quarterly and annually - all performance reports are compared with actual performance of previous period - <i>the firm implemented total quality system [CCQS]</i> - labour productivity is constantly monitored - there is monthly management meeting to check on activities and resolve problems - the BOD meet quarterly to monitor performance - records show that the company has good results for sales, productivity, sales efficiency and output; but poor performance in profitability and net income efficiency - lack of forex caused closure of operations - action of the IRD caused customer complaints

