Міністерство освіти і науки україни
Національний авіаційний університет

Кафедра *менеджменту зовнішньоекономічної діяльності підприємств*

ДОПУСТИТИ ДО ЗАХИСТУ
Завідувач кафедри
___________***Кириленко О.М.***
“____”_____________2021 р.

ДИПЛОМНА РОБОТА
(пояснювальна записка)

випускника освітнього ступеню
“магістр”

спеціальності 073 «Менеджмент»

ОПП «Менеджмент зовнішньоекономічної діяльності»

Тема: ***«УШляхи підвищення інвестиційної активності «Нігерійської пивоварні (Guiness)» з урахуванням інвестиційного сучасного досвіду»***

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Консультанти з розділів:

Нормоконтролер з ЄСКД (ЄСПД):

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Київ-2021

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
NATIONAL AVIATION UNIVERSITY

Management of Foreign Economic Activity of Enterprises Department

ALLOW TO THE DEFENSE
Head of the Department
______________***O. Kyrylenko***
"____"_

2021

MASTER THESIS
(EXPLANATORY NOTE)

by Specialty 073 "Management",

Educational Professional Program "Management of Foreign Economic Activity"

Topic*:* «Ways of increasing investment activity of "Nigeria brewery (Guiness)" taking into account investment modern experience.«

Performed by: ***Akinsanya Adedeji James***

Scientific adviser: Doctor of science *in Economics, prof. Kyrylenko Oksana Mukolaivna*

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Kyiv-2021

NATIONAL AVIATION UNIVERSITY

Faculty ***TML*** Department ***Management of Foreign Economic Activity of Enterprises***
Specialty: ***073 "Management"***

Educational Professional Program: ***"Management of Foreign Economic Activity"***

APPROVED
Head of the Department
____________***O. Kyrylenko***
"_____"____________2021

TASK
to perform Master Thesis by student
Akinsanya Adedeji James
(surname, name, patronymic)

1. Topic of thesis: ***Ways of increasing investment activity of "Nigeriabrewery (Guiness)" taking into account investment modern experience.***
approved by the Rector order of ***12/10/2021***, № ***2217st***
2. Deadline of thesis: ***from 11/10/2021 to 31/12/2021***
3. Initial data for thesis: ***Accounting reports of Ways of increasing investment activity of "Nigeria brewery (Guiness)" taking into account investment modern experience. Consolidated financial reports for 5 years ,scientific works, concepts of portfolio, financial resources.***
4. The content of the explanatory note (list of issues to be developed):
Required: ***to use the quantitative methods for investment decision making – to calculate risk and expected return of various investment tools and the investment portfolio; to perform the analysis of financial and economic activity of Nigeria brewery (Nigeria); to distinguish concepts of portfolio theory and apply its' principals in the process of investment portfolio formation; to give proposals for the improvement; to know active and passive investment strategies and to apply them in practice:***
Theoretical part: figures -1.
Analytical and research part: tables – 5, figures – 2.
Project and advisory part: figures – 3.

SCHEDULE

№	Stages of Master Thesis performing	Deadline of stages	Comment
1.	Collection and analysis of necessary information about Ways of increasing investment activity of "Nigeriabrewery (Guiness)" taking into account investment modern experience. according to the topic of the thesis	11.10.2021-12.10.2021	done
2.	Determination of peculiarities and directions of motivation including the features of Beer production	13.10.2021-18.10.2021	done
3.	Design the references used for analysis of work motivation and usage of different measures for improving work motivation of employees in organization	19.10.2021-28.10.2021	done
4.	Preparation and presentation of the theoretical part	29.10.2021-02.11.2021	done
5.	Preparation and execution of analytical and research part of the thesis	03.11.2021-11.11.2021	done
6.	Developing proposals for improving system of work motivation Ways of increasing investment activity of"Nigeriabrewery (Guiness)" taking into account investment modern experience. considering international instruments, taking into account the work specification	12.11.2021-23.11.2021	done
7.	Design of project and advisory part of the Master Thesis	24.11.2021-01.12.2021	done
8.	The final design of the Master Thesis (contents, introduction, conclusions, appendices, etc.)	02.12.2021-11.12.2021	done
9.	Report and presentation preparation	12.12.2021-17.12.2021	done
10.	The signing of necessary documents in the established order, preparing to defend the thesis and preliminary thesis defense on graduating department meeting	21.12.2021-23.12.2021	done

Student____(Akinsanya A.J.)

Scientific advisor of Master Thesis________________________(Kyrylenko O.M.)

АНОТАЦІЯ

Метою даної дипломної роботи є дослідження шляхів підвищення інвестиційної активності «Нігерійської пивоварні (Guinness)» з урахуванням сучасного інвестиційного досвіду. Як компанії в пивоварній промисловості приймають свої інвестиційні рішення, як оцінюються такі інвестиційні рішення, критерії, які використовуються для оцінки різних інвестиційних проектів, джерел і закупівлі коштів, що використовуються для підтримки зростання та виживання, і, таким чином, його вплив на економіку Нігерії привели нас до поглиблене вивчення теми та акцент було зроблено на Nigeria Breweries, Plc.

У першому розділі висвітлюються теоретичні основи інвестиційної діяльності компаній, що також тягне за собою поняття інвестицій та їх класифікацію. У цьому ж ключі обговорювалися питання оцінки ефективності інвестицій та Сучасні шляхи підвищення ефективності інвестиційної діяльності компанії.

У другому розділі розглянута загальна характеристика господарської діяльності компанії (Guinness Nigeria), перераховані всі види бізнесу, що надаються компанією, також розглянута Організаційна структура компанії. Також була представлена фінансова діяльність компанії, у цьому розділі представлена фінансова діяльність Guinness за 5 років (2015 - 2019). Фінансова діяльність була отримана з річного звіту компанії за рік, що закінчився 30 червня 2019 року, який охоплює аналіз коефіцієнтів, аналіз портфеля, коефіцієнт платоспроможності та коефіцієнт ефективності. Викладено систему мотивації компанії.

У третьому розділі розглядаються шляхи підвищення інвестиційної діяльності Guinness Nigeria, викладаються можливі шляхи підвищення ефективності інвестиційної діяльності Guinness Nigeria. Викладено Економічне обґрунтування використання VMS для підвищення продуктивності та інвестиційної діяльності та викладено вплив запропонованої стратегії на фінансовий стан підприємства та розроблено необхідні рекомендації.

Ключові слова: інвестиційна діяльність, пивоварня Нігерії (Guinness), інвестиційний сучасний досвід, інвестиційні рішення.

ABSTRACT

The aim of this thesis is to study the ways of increasing investment activity of "Nigeria Brewery (Guinness)" taking into account investment modern experience. How companiesin the Brewery industry make their investment decisions, how such investment decision are evaluated, the criteria employed to evaluate various investment project and sources and procurement of funds used to sustain growth and survival and thus its effect on the Nigeria economy led us to an in-depth study of the topic and focus was made on the Nigeria Breweries, Plc.

The first chapter covers the theoretical basis of investment activity of companies, which also entails the concept of investments and their Classification. On the same vein, the evaluating the efficiency of investments and the Modern ways of increasing the efficiency of the company's investment activity was also discussed.

In the second chapter, the general characteristics of business activities of the company (Guinness Nigeria), enumerating all types of business provided by the company, the Organizational structure of the company was also considered. Also, the company financial activities was presented, this section presents the financial activities of Guinness for 5years (2015 - 2019). The financial activities were gotten from annual report of the company as at the year ended 30 June 2019, which covers the ratio analysis, portfolio analysis, solvency ratio and efficiency ratio. The system of motivation of the company were stated.

The third chapter cover the ways of improving investment activity of Guinness Nigeria, stating the possible ways of improving efficiency of investment activity of Guinness Nigeria. The Economic Justification of the Use VMS in improving productivity and investment activities were stated and stating the influence of influence of proposed strategy on the company financial status and the necessary recommendations were developed.

Key words: Investment Activity, Nigeria Brewery (Guinness), Investment Modern Experience, Investment Decisions.

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INTRODUCTION

One of the problems faced by companies is that of decision making since resources are generally scarce (Kramer, 1988). Basically, there are three major decisions a company must make for it tobe able to create value and remain in business – the investment decision, the financing decision and dividend decision (Damodaran, 2006; Yulia, 2017). All the three decisions must be considered in relation to the company's objectives and best possible mix of the three will createvalue out of the three kinds of decision mention above. This study focused on the investment decision (Damodaran, 2006;Yulia, 2017).

Investment decisions by their nature usually involve the allocation of huge funds to investmentproposals to yield future benefits. But because the future is uncertain, investment proposals necessarily involve risk. Secondly, long term investment, which is mainly our concern in the research work, must have some influence on the perceived value of the company and maximization of profit (Ambrose & Vincent, 2014). Maximization of profit regarded as the proper objective of the firm, thus, since firms must move towards its objectives in a rational manner, they must select from the range of alternative course of action (Ambrose & Vincent, 2014).There exist alternatives that bring company nearer to profit maximization objective. This idea is however criticized based on its motivational and cognitive assumptions. The motivational critics claim that profit is just one of a firm's objectives, the others being survival. Liquidity, employees welfares, revenue maximization and growth. Investment decision can be seen as most critical and crucial and particularly difficult decision because it entails the commitment of hugefunds in anticipation of being able to earn in the future, a profit greater than the funds committed.The researcher's curiosity on how companies in the Brewery industry make their investment decisions, how such investment decision are evaluated, the criteria employed to evaluate variousinvestment project and sources and procurement of funds used to sustain growth and survival and thus its effect on the Nigeria economy led us to an in-depth study of the topic and focus wasmade on the Nigeria Breweries, Plc.

Investment decisions are of various forms and these depends on appraising a project using one or a combination of the investment appraisal methods. These appraisal methods include paybackperiod, annual rate of return, net present value and discounted Cash flow before a final decision is made. Another challenge is source of funding the investment and these both the internal and the external sources. Internal sources include the existing equity and reserves while the external sources include long-terms like debentures. Against this background, this research directed itself towards providing answers to the research questions stated below as they relate tothe Nigerian Breweries Plc.

Alcoholic beverages have been produced and consumed over many centuries across Africa (Obot, 2007). In Nigeria, various types of alcoholic beverages, including commercial, licit non-commercial, and illicit home-brewed that vary by geographical regions are consumed (World Health Organization [WHO], 2016). Most of these alcoholic beverages such as palm wine, ogogoro and pito, are illicitly home-brewed in rural communities and serve as a cheap alternative to industry-made alcoholic beverages (Obot, 2013).

The proliferation of local breweries has made different types of Western alcoholic beverages (beers, spirits and wines) commercially available in Nigeria. The three beer market leaders include Nigerian Breweries, Guinness Nigeria, and International Breweries with a cumulative production capacity of about 2310 million litres per annum (Ademigbuji, 2017).

Nigerian Breweries is the pioneer and largest brewing company in Nigeria, withmajority shares by Heineken N.V. Guinness Nigeria Plc is a subsidiary of Diageo Plc UK (Guinness-Nigeria, 2017), and Nigeria is the world's second-largest market for Guinness brands of alcoholic beverages (Diageo, 2018).

Anheuser-Busch InBev's acquisition of South African Brewery (SABMiller) in 2016, included taking over of its businesses in Nigeria (Anheuser-Busch Inbev, 2016). This resulted in the merger of three breweries in Nigeria: International Breweries Ilesha, Intafact Breweries Onitsha, and Pabod Breweries Ibadan, with the new company called International Breweries (International Breweries, 2017).

From production to consumption, the brewery industry has a long supply chain and accounts fora larger contribution to the GDP than what is presently captured. With a yearly revenue exceeding N200 billion, innovative measures to salvage the over $2.7 billion brewery market from a downturn is dire. FEMI ADEKOYA examines the economic footprint of breweries in Nigeria's manufacturing sector.

Notwithstanding societal concerns, the brewery industry has an alignment across several sectorswhile providing economies of scale to other industries as demand in the sector has direct impact on the capacity utilization and profitability of key value-chain providers. For instance, the brewery industry, once an archetype of a multinational industry with significant pressure for local manufacturing and products adapted to local tastes, has gradually become a global industry, in which companies seek to realize cross-border standardization advantages, mainly by introducing global brands and by capitalizing on synergies in marketing and distribution.

However, the success stories of investments in the sector by MNC breweries are also challenged by global market developments. Sales have been affected by the stagnation in almost alltraditionalhigh-volume markets in the developed world with beer consumption declining recently in many of these markets. Notable growth in demand is evident in emerging economies, despite considerably lower profit margins. With the Western beer consumption slowing down dueto global downturn, Nigeria has the second largest beer market in Africa, after South Africa.

Indeed, studies show that with the largest population in Africa, a growing middle class and a large number of drinking-age consumers, the brewing multinationals may be jockeying for positions ina market that shows plenty of room for expansion. Overview of the industry The Nigerian breweries sector is a subsector of the food and beverages industry. The principal activities of brewery companies include the production, packaging and sales of alcoholic and malt beverages. Over the years, the sector has developed from a duopoly to a sector characterised by stiff competition, albeit with the dominance of two major players. The sector has also evolved from purely bottling activities to a diversified industry involved in the production of canned drinks and the use of tetra packs. The industry had an estimated production capacity of 1.3 billion litres as at 2002.

Breweries are a large manufacturing industry, but there is more to the story, because the product has a long supply chain and is retailed across almost every street in the country. Form the direct impacts of the industry itself to the supply chain Impacts, where a lot of value-chain activities evolve to induced impacts (where employees of breweries and the supply chain spend their earned income on goods and services) and fiscal impacts, which attract governments the most considering the level of corporate taxes, income taxes of employees of breweries and supply chain income taxes of employees of breweries and supply chain industries product taxes, the economy of the brewery industry is larger than what is often captured in the GDP.

Indeed, the correlation between beer consumption and income growth is positive and significantaccording to recent studies that put income per head in Nigeria at an average of 7.5 per cent according to World Bank data, while average growth of the beer market over the same period correspond to this at 11 per cent. However, the last two years have witnessed a huge amount of pressure on consumer spending given the uncertainties in the economy, higher cost of living andsecurity challenges which have all led to the drag in the volume growth among major players in the sector.

Similarly, the brewing industry continues to challenge (with facts and empirical evidence) the age-long myths, misconceptions and unfounded stereotypes held against beer as a safe, nutritious and healthy beverage drink. Telling the positive side of the product Human nutrition expert at the Department of Food Science and Technology, College of Food Sciences, Bells University of Technology, Ota, Prof. (Associate) Olu Malomo, explained that beyond any factor that threatens growth in the beer industry, it is apparent that the beer market in Nigeria is a vibrant one that offers value and much excitement to consumers.

The history of Beer shows that it is as old as one could possibly think dating as far back as 7,000 years ago. Beer brewing is scientific and the beer purity law was the basis of hygienic production of beer and the basis of the Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP). “Beer production has contributed to social economic wellbeing of the country. Moderate consumption of beer is good for your health as beer consumption as brewed in Nigeria with gluten free cereals and rich in polyphenols will help in preventing celiac diseases. The populace needs tobe well educated that moderate drinking of beer is beneficial to health after all”. On his part, Professor of Human Nutrition, University of Ibadan, Tola Atinmo noted that the story of beer is not a new one but the positive side gets relatively untold. According to him, people are basically uninformed about the positive aspects in Nigeria, though the country has many breweries and there are millions of beer drinkers keeping them in business.

He noted that the nutrient components of beer include carbohydrates, protein, water, fiber, vitamins and minerals. Speaking on beer consumption and keeping a healthy lifestyle, he said: “Moderate consumption of beer can be part of a healthy lifestyle and has a relatively low calorie value compared to other alcoholic drinks. Moderate beer consumption does not lead to weight gain or abdominal fatness.

“The perception that drinking beer results in a ‘beer belly’ is not scientifically supported. Beers are generally a valuable source of polyphenols that lower the risk of cardiovascular diseases (CVD) and other chronic diseases due to their antioxidant properties. Polyphenols also have beneficial effects on blood pressure, lipids, insulin resistance and inflammatory biomarkers. “Beer seems to play no role in the so-called ‘beer belly’ and is no potential obesogen, neither in men nor in women. Moderate alcohol consumption decreased fasting insulin and HbA1c concentrations. There is a lower risk of type 2 diabetes with moderate alcohol consumption due to improved insulin sensitivity or improved glycemic status.

“However, just like in other food items, beer also contains some materials that are injurious to health if they exceed certain levels. The risks become acceptably low provided proper precautionsare taken, such safety measures hinging around proper storage conditions in respect of moisture content and temperature. “Excessive intake interferes with the function of the three main components of the male reproductive system: the hypothalamus, the anterior pituitary gland andthe testes. The impact is impotence, infertility and reduced secondary sexual characteristics. Under no circumstance should minors, pregnant women, and breast-feeding women drink beer”.

Today, current production is about 1.1 billion litres with Nigerian Breweries and Guinness accounting for over 86 per cent of market share. This translates to a total revenue of over N128 billion, representing approximately one per cent of nominal GDP. Also, SABMiller entered the Nigerian market in 2008, and through its strategic alliance with Castel, operates four breweries, with the most recent commissioned in Onitsha province in 2012.

Chapter 1. THEORETICALBASIS OF INVESTMENT ACTIVITY OF COMPANIES

The essence of investment activities of company and the basic essential features of the conceptare founded:

1. Managing of enterprise's investment activity is a deliberate action of state, region, enterprise to the object (condition and development investment, the course of the investmentprocess);
2. Obligatory condition of the management implementation is the availability of baselineinformation about the state of the object (investment funds, the scope of business activities, which will be invested, etc.), which in the process of management is transforming into specific subjects of management decisions;
3. The investment activity management means that the current state of the economic system (companies) will be introduced by some changes that should contribute to the organization of such activities;
4. Investment activity management is a prerequisite for its implementation;
5. Investment activity must be carried out by premeditated plan of action in the first place, it is about the necessity of forming strategic investment activities as one of the key elements of management activities.

Investment activity management is carried out by the strategic, tactical operational management. Analysis of existing approaches to understanding the essence of these management components leads to the conclusion that the concept of "strategic management" can be used in the broad and narrow sense. In particular, in the narrow sense the strategic management of investment activity – this is the development of a strategy for 3–5 years, while in the broad sense strategic management of investment activity is considered as a basic element,which includes tactical management, and is carried out by forming an investment portfolio, and operational control of investment activity through the efficient management of investment projects and programs.

Management of firms' investment is a complex and multidimensional process, the implementation of which depends on many factors, both internal and external. Because of this, the effectiveness of such management depends, on the one hand, on the availability of evidence-based and well-defined methodological framework, on the other – on the company's management professionalism.

According to the prevailing strategic decisions, within the current financial capacity of the company the tactical management of investment activities is carried out. Tactical management of investment activities includes planning, investment portfolio and management. Based on theresearch the author concludes that under the tactical control investment activities should understand not only the process of forming an investment portfolio in accordance with the strategic goals and provisions of the investment policy, but also concrete actionsto develop investment projects. On the basis of research the concludes that the tactical control of investment activity – it is not only the process of forming an investment portfolio in accordance with the strategic goals and provisions of the investment policy, but also the concrete actions to develop investment projects.

1.1 The concept of investments and their Classification

Concept of investment

Investment is the action or process of investing money for profit. That is, a thing that is worth buying because it may be profitable or useful in the future. It is an act of devoting time, effort, or energy to a particular undertaking with the expectation of a worthwhile result.

Analysis of current legislation does not allow us to give an unambiguous definition of investment. Thus, in some normative acts, investment is understood as money, securities or otherproperty invested in objects of business or other activities for the purpose of making a profit orother useful effect.

Thus, investment in them is understood as property. The very actions of depositing property for the purpose of making a profit are called investment activity or investment in these laws. An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future tocreate wealth.

Types of Investments

1. **Economic Investments**

Within a country or a nation, economic growth is related to investments. When companies and other entities engage in sound business investment practices, it typically results in economic growth.

2. **Economic Considerations**

Business investment can affect the economies short-term and long-term growth. In the short term, an increase in business investment directly increases the current level of gross domestic product (GDP), because physical capital is itself produced and sold. Businessinvestment is one of the more volatile components of GDP and tends to fluctuate significantly from quarter to quarter. In the long term, a larger physical capital stock increases the economy's overall productive capacity, allowing more goods and services to be produced with the same level of labor and other resources. Long-term economic growth generally depends on growth in the economy's productive capacity rather than swings in supply and demand. In turn, faster economic growth generally translates into faster income growth and improved living standards. For additional discussion of the long-term drivers of economic growth, see CRS in Focus IF10557, Introduction to U.S. Economy: Productivity, by Marc Labonte.

This investment is designed to allow corporations and governments to raise new funds and to allow investors to execute their buying and selling orders. In financial markets funds are channeled from those with the surplus, who buy securities, to those, with shortage, who issue new securities or sell existing securities. This can be seen as a set of arrangements that allowstrading among its participants.

3. By economic nature of securities,

- Equity market or stock market;
- Common stock market;
- Fixed-income market;
- Debt market;
- Derivatives market.

Investment Vehicles

An investment bank provides a variety of services to individuals and businesses, including many services that are designed to assist individuals and businesses in the process of increasing their wealth. As it was presented above in this course we are focused to the financial investments that mean the object will be financial assets and the marketable securities in particular. But even if further in this course only the investments in financial assets will be discussed, for deeper understanding the specifics of financial assets comparison of some important characteristics of investment in thistype of assets with the investment in physical assets is presented. Investment in financial assets differs from investment in physical assets in those important aspects:

Financial assets are divisible, whereas most physical assets are not. An asset is divisible if investor can buy or sell small portion of it. In case of financial assets it means, that investor, for example, can buy or sell a small fraction of the whole company as investment object buying or selling a number of common stocks.

Marketability (or Liquidity) is a characteristic of financial assets that is not shared by physical assets, which usually have low liquidity. Marketability (or liquidity) reflects the feasibility of converting of the asset into cash quickly and without affecting its price significantly. Most of financial assets are easy to buy or to sell in the financial markets.

The planned holding period of financial assets can be much shorter than the holding period of most physical assets. The holding period for investments is defined as the time between signing a purchasing order for asset and selling the asset. Investors acquiring physical asset usually plan to hold it for a long period, but investing in financial assets, such as securities, even for some months or a year can be reasonable. Holding period for investing in financial assets vary in very wide interval and depends on the investor's goals and investment strategy.

Information about financial assets is often more abundant and less costly to obtain, than information about physical assets. Information availability shows the real possibility of the investors to receive the necessary information which could influence their investment decisions and investment results. Since a big portion of information important for investors in such financial assets as stocks, bonds is publicly available, the impact of many disclosed factors having influenceon value of these securities can be included in the analysis and the decisions made by investors.

The ongoing processes of globalization and integration open wider possibilities for the investors to invest into new investment vehicles which were unavailable for them some time ago because of the weak domestic financial systems and limited technologies for investment in global investment environment. The most important characteristics of investment vehicles on which bases the overall variety of investment vehicles can be assorted are the return on investment and the risk which is defined as the uncertainty about the actual return that will be earned on an investment.

Each type of investment vehicles could be characterized by certain level of profitability and risk because of the specifics of these financial instruments. Though all different types of investment vehicles can be compared using characteristics of risk and return and the most riskyas well as less risky investment vehicles can be defined. However the risk and return on investment are close related and only using both important characteristics we can really understand the differences in investment vehicles.

The main types of financial investment vehicles are:

- Short term investment vehicles;
- Fixed-income securities;
- Common stock;
- Speculative investment vehicles;
- Other investment tools.

Short - term investment vehicles are all those which have a maturity of one year or less. Short term investment vehicles often are defined as money-market instruments, because they are traded in the money market which presents the financial market for short term (up to one year of maturity) marketable financial assets.

The main short term investment vehicles are:

- Certificates of deposit;
- Treasury bills;
- Commercial paper;
- Bankers' acceptances;
- Repurchase agreements.

Fixed-income securities are those which return is fixed, up to some redemption date or indefinitely. The fixed amounts may be stated in money terms or indexed to some measure of the price level. This type of financial investments is presented by two differentgroups of securities:

- Long-term debt securities
- Preferred stocks.

The common stock is the other type of investment vehicles which is one of most popular among investors with long-term horizon of their investments. Common stock represents the ownership interest of corporations or the equity ofthe stock holders. Holders of common stock are entitled to attend and vote at a general meeting of shareholders, to receive declared dividends and to receive their share of the residual assets, if any, if the corporation is bankrupt.

Speculative investment vehicles following the term "speculation" (see p.8) could be defined asinvestments with a high risk and high investment return. Using these investment vehicles speculators try to buy low and to sell high, their primary concern is with anticipating and profiting from the expected market fluctuations. The only gain from such investments is the positive difference between selling and purchasing prices.

Speculative investment vehicles could be presented by these different vehicles:

- Options
- Futures
- Commodities, traded on the exchange (coffee, grain metals, other commodities).

Other investment tools:

- Various types of investment funds;
- Investment life insurance;

- Pension funds;
- Hedge funds.

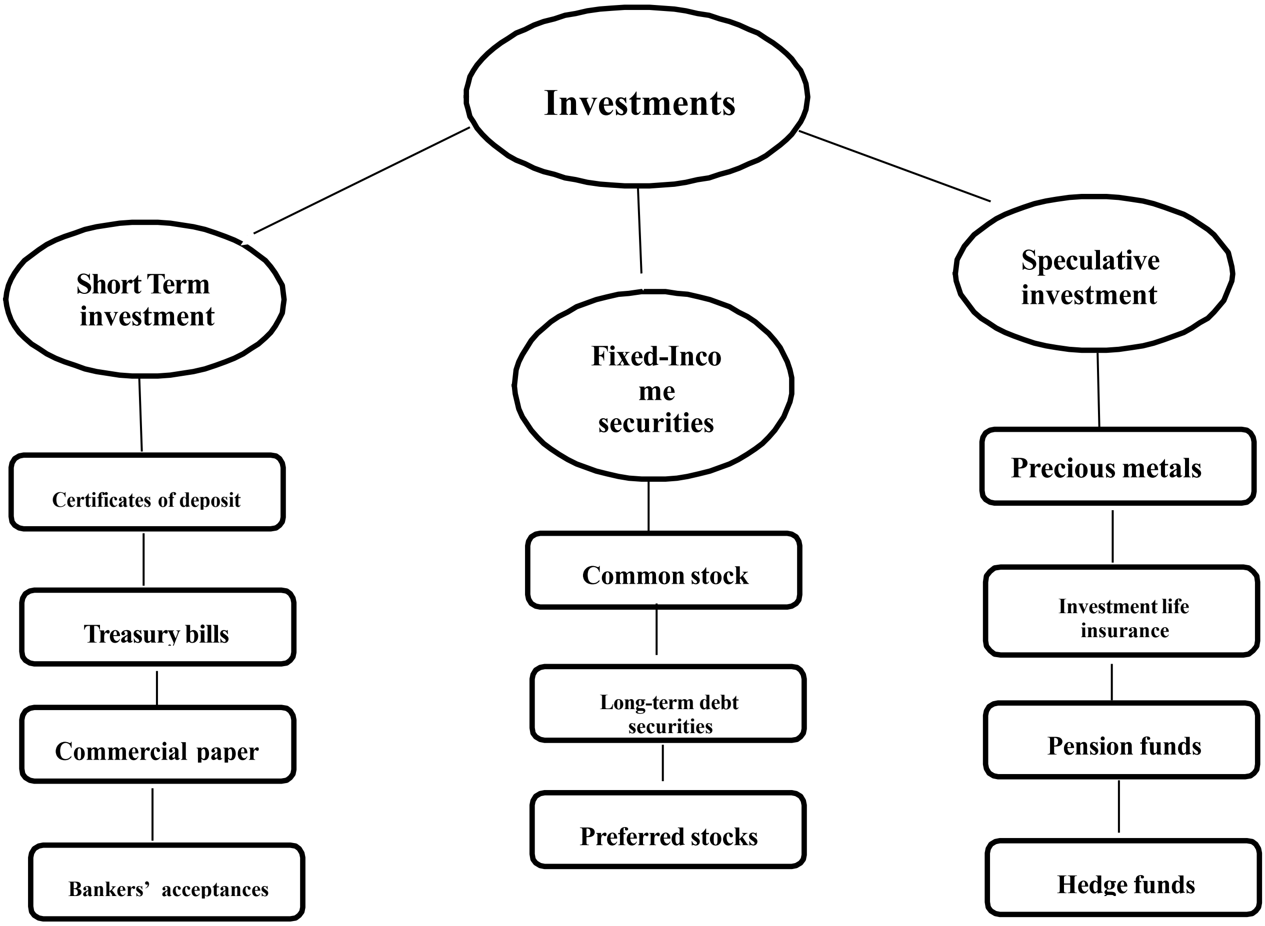

Figure 1: Investment vehicles

Despite the huge resource base of the country, Nigeria has not been able to achieve a high level of economic growth, nor has it been able to attract a high level of Foreign Direct Investment (FDI)commensurate with its economic potentials. In his assessment of the Nigerian investment environment, Presidential Advisory Council on Investment in Nigeria had identified the following factors as major obstacles to economic growth and the flow of FDI to the country

Dependence on the oil sector, which accounts for 95% of foreign currency income and 80%of the national budget.

1. National budget deficit and foreign debt caused by free-spending economic policies underpast military junta regimes.
2. Inadequate infrastructure.
3. Corruption.
4. Unstable regulatory and institutional environment. 6. Crime and other security concerns

At this point, permit me to highlight some of the key aspects of the government policies directedat addressing these problems.

Rehabilitation of Socio-Economic Infrastructure Electricity: The rehabilitation of socio-economic infrastructure has remained an activity of high importance to the government of Nigeria since 1999. For example, the enhancement of the generating capacity of the National Electric Power Authority (NEPA) is an area where the government has recorded substantial success. During the last three years the government has upgraded generating capacity from below 2,000MW to 4,500MW. Marubeni Corporation and other Japanese companies are major players in this rehabilitation program.

1. ***Telecommunications:*** The major improvement in government's plans to address the problems of infrastructure in Nigeria can be seen in the telecommunication industry. Tele- density has been greatly enhanced with the presence of private telecommunication operators. By the end of 2002, the Nigeria Communications Commission (NCC) hadlicensed twelve (12) fixed wireless operators with 363,284-installed capacity and 120,771 subscribers. NCC has also licensed two mobile operators (GSM) with a combined installed capacity of 1,223,942 lines and 1,004,592 subscribers.
2. ***Railway/Roads/Airports:*** The oil boom of the 1970s and the eventual dependence of Nigeria on crude oil as a major revenue earner saw the demise of the rail system as a majormeans for transporting goods and people. The current necessity to diversify the Nigerianeconomy has made for the renewed interest in

revitalizing the rail network. In this context, the present Nigerian government has unveiled a comprehensive Transport Master Plan involving the road, rail, and air transport. With the Plan, the present rail system is to be rehabilitated with the standard gauge. New lines are to be added to link up various parts of the country. The new rail system is mainly to serve commercial and industrial need.

3. ***Human Infrastructure:*** In Africa, Nigeria probably has the highest pool of skilled and highly educated manpower. This opinion was corroborated by a survey carried out by the African Competitive Report 2000/2001, which ranked Nigeria second in terms of availability of local labor market that satisfy business/hiring needs of investors. To sustain this trend, government has instituted the Universal Basic Education Program to ensure that equal educational opportunities are given to all citizens of the country. Moreover, the educational sector has been liberalized, with private sector investment being encouraged at all levels of the educational structure. The aim of making the sector more competitive is to develop an entrepreneurial class that is innovative, competitive and technology driven.

1.2 Methods of evaluating the efficiency of investments

In appraising a report like this (before a final decision is made), it is advisable to use one or a combination of the following methods and theseinclude the payback period, annual rate of return, net present value and discounted Cash flow (DCF).

Payback Period

This is the number of years it will take a business to recover the original investment from net cash flow. A simple formula for calculating payback period can be stated as follows:

$$\text{Payback} = \frac{\text{Initial Investment}}{\text{Annual Cash Flow}}$$

An implicit assumption in the above formula is that net profit will be realized in equal annual amounts throughout the forecast period. This is not likely to be the case in practice. It is important note that the above formula does not take into consideration the timing of the arrival of the net cash inflow. The payback has it strength and weakness. The greatest advantage is thatit is easy to calculate this case in calculation enables management to determine quickly the degree of risk involved in the proposed investment.

Discounted Payback Period

Some companies' discount the cash flows before they compute the payback period. The discounted payback rule asks, "How many periods does the project have to last in order to make sense in terms of wet present value"? This modification to the payback rule surmounts the objection that equal weight is given to all flows before the cutoff data. However, it still stakes no account of any cash flow after the cutoff date.

Annual Rate of Return (Accounting Rate of Return)

This method is also known as return on investment (ROI) and it uses accounting information as revealed by financial statements, to measure profitability of an investment. Under this method, the profit on the investment is expressed as a percentage of the capital outlay. This technique is based on accounting profits, not cash flows and is similar to the measure of return to capital employed in questioning a company's overall profitability.

$$ARR = \frac{\text{Average Annual Accounting Profit}}{\text{Average Investment}} \times 100$$

OR

$$ARR = \frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$$

OR

$$ARR = \frac{\text{Estimated Total Profit}}{\text{Estimated Average Investment}} \times 100$$

Average Investment = $\frac{\text{Initial Investment + Scrap value}}{2}$

Under the annual rate of return, the firm sets a large of return acceptable to it.

Net Present Value Method

Capital Budgeting is essentially an application of the basic valuation model of the Firm, however, when the present value model is used in budgeting. It is applied to single project rather than to the firm as a whole. Or rather, net present value (NPV) is a discounted cash flowmethod of calculating the present value of cash flows of an investment proposal using the company's cost of capital or the appropriate discounting rate and finding out the NPV by subtracting the present value of cash inflows. It specifically recognizes the time value of money.

It correctly states that cash flows arising at different times differ in value and are only comparable when they are equivalent i.e. present value calculated. The acceptance or rejection criteria for the NPV method of appraisal is: NPV greater than zero.

The mathematical formula for finding the NPV is as follows:

$$NPV = \frac{C1}{(1+k)1} + \frac{C2}{(1+k)2} + \frac{C3}{(1k)3} \ldots\ldots + \frac{Cn}{(1+k)4n} - C$$

$$NPV = \sum_{t-1} \frac{Ct - Co}{(1+k)t}$$

Where

C1C2……… represents net cash inflows in Year 1, 2,…………….

K = opportunity cost of capital. This is assumed known and constant. Co = initialcost of investment

N= expected useful life of investment

Discounted Cash Flow (DCF) OR Internal Rate of Return (IRR)

The DCF rate of return is the rate of discount at which the NPV is zero. It is the rate of interest, which the future net cash flows of a project into equality with its capital cost. The NPV and theIRR methods are both known as discounting method because both of them take risk factors and the time value of money into consideration in determining the profitability of a project. The early difference between the NPV and IRR methods is that in the NPV method, the discount rate or cost of capital in specified and then NPV is found in the case of IRR method, the value of interest of discount rate which forces the NPV to equal zero has to be found such IRR (DCF) rate is usually found by trial and error i.e. you will continue to try different interest rates and find the NPV until you arrive at the one that equates the combined resent value of cash flow to the project cost so that the NPV is zero or very close to zero. It is important to note that, under the IRR method, a project will be unaccepted if its rate of return does not exceed the cost of financing the project by a sufficient margin to compensate for the risk involved. The two discounting methods are superior to both the payback and accounting rate of return methods. This is because the discounting methods take the timing of cash flows and risk factors into consideration. The formula for calculating the IRR is:

$$Co = \sum^{n} \frac{Ct}{(1+k)t} = t-1$$

$$Co = \sum_{t-1}^{n} \frac{Ct}{(1+k)t} - Co = 0$$

This equation for IRR and NPV are the same with the difference being than in the NPV method, the required rate of return, it is assumed to be known and the net present value is found, whilein the IRR method, the value of r has to be determined at which the NPV is zero.While the discount methods are superior to the first two methods, they too have their drawbacks with regard to NPV method, its major drawback is the necessity to decide in advance on the appropriate discount rate or cost of capital to be used. Cost of capital is a subject on which thereis considerate controversy; especially where there are differences in degree of risk for different projects being appraisal with regards to IRR, a major drawback is that method involves an implicit assumption that all profit can be reinvested to yield the internal rate of return. In conclusion, we can say that the first two appraisal methods are acceptable where small – to – medium scale projects are involved. The payback can be usedas an initial screening device. NPV is good for ranking mutually exclusive projects, i.e. where the approval of one project means the rejection of the other. The IRR should be used where risk is an important consideration and finance is severely limited.

Research hypotheses

The following hypotheses testing shall guide us during the course of writing this project. Thenull hypothesis shall be as H0 and H1 is the alternative hypothesis:

1. H0: There are no superior particular techniques for making the best investment decisions.

   H1: There are superior particular techniques for making the best investmentdecisions.
2. H0: The investment decision made cannot change the optimum profitability for theorganization.

   H1: The investment decisions made can change the level of optimum profitability for theorganization.

3. H0: Poor or negative on investment does not drastically reduce the rate of investments.

   H1: Poor or negative returns on investment drastically reduces the rate of investment

1.3 Modern ways of increasing the efficiency of the company's investment activity

It's important to remember that taking steps towards greater efficiency is ultimately going to increase the company's bottom line. In the business world, there are few things that matter more than maintaining optimal productivity and efficiency in everyday operations.

Upgrading of Software: Since the vast majority of modern companies rely on a suite of software applications to facilitate their daily operations, it makes sense to proceed with efficiency optimization efforts by trying out some new software systems.

Set Strict Investment and Budgeting Rules: Many of the efficiency issues faced by growing of company could be avoided with a few simple preventative measures. Setting specific parameters and rules regarding how much it need to earn off of each investment and how much the company is willing to spend in operating costs will keep it from taking exuberant losses and letting the financialstatus get out of control.

Use of Better Equipment & Technology: Make a list of every piece of equipment your company uses on a regular basis and look for any weak links that might be slowing you down.To know if the computer network is fast as it can be?. Those the hardware using is outdated or slow in comparison to the latest models? Addressing these deficiencies will help to gain time and productivity in small chunks, but over time those gains will add up and the companywill be more efficient overall.

Use Analytics to Optimize Ad Spend: allocating a generous amount of money to advertising budget with the reasoning that it is an essential part of running a company, it is a good idea. Fortunately, all of the major advertising platforms like Google AdWords and Facebook Advertising provide integrated analytics modules that can help you refine your advertising methods to achieve better click-through and conversion rates across the board.

The introduction of fund-specific benchmarks: is an example of changing the performance reference point from the peer group or market indices to the fund's own criteria. Fiduciaries would benefit from being aware of the extent to which they are influenced by the context whenproblems are being presented.

Also the introduction of cryptocurrency: crypto-currency, or crypto is a collection of binary data which is designed to work as a medium of exchange wherein individual coin ownership records are stored in a ledger which is a computerized database using strong cryptography to secure transaction records, to control the creation of additional coins, and to verify the transferof coin ownership. This will allow easy transaction in the company without taking cash aroundand its good for a security purpose.

Direct investing: is realized using financial markets and indirect investing involves financial intermediaries. The primary difference between these two types of investing is that applying direct investing investors buy and sell financial assets and manage company investment portfolio themselves; contrary,using indirect type of investing investors are buying or selling financial instruments of financial intermediaries (financial institutions) which invest large pools of funds in the financial markets and hold portfolios. Indirect investing relieves investors from making decisions about their portfolio.

Portfolio investment

Portfolio investment will be defined. Two alternative definitions for portfolio investment couldbe based on:

(a) legal form of instrument, that is, any securities that are not included in direct investment or reserve assets or

(b) Whether the securities are traded in organized financial markets.

The two definitions overlap, to a large degree, but differ for untraded or nontradable securities (such as shares in open-end mutual funds, unlisted companies, and unincorporated enterprises). If such securities were excluded from portfolio investment, they would be included under other investment. Possible reasons for changing to the second definition would be as follows:

The concept behind portfolio investment would be more coherent. At present, it is largely aresidual instrument classification.

The tradability element has clearer implications for economic analysis, for example forvolatility.

Tradability might result in a more meaningful borderline, for example, non-traded debtinstrument is similar to a loan.

The requirement that the instrument be readily traded on organized financial markets willprovide a clear link to the valuation principles for portfolio investment based on market prices.

Chapter 2.0 CHARATERISTICS OF BUSINESS ACTIVITIES OF THE COMPANY

Guinness Nigeria, a subsidiary of Diageo Plc of the United Kingdom, was incorporated in 1962 with the building of a brewery in Ikeja, the heart of Lagos. The brewery was the first Guinness operation outside Ireland and Great Britain. Other breweries have been opened over time: Benin City brewery in 1973 and Ogba brewery in 1963 (Ojo, 2017).

Guinness product was sold in Nigeria in the 1940s and 1950s by United Africa Company (UAC)and the country soon became an important export market for the firm. In 1961, plans came into fruition between Arthur Guinness Son and Co and UAC to establish a brewery at Ikeja, Lagos.Arthur Guinness first factory outside the British Isles was built by Taylor Woodrow. The initial plant had the annual capacity to brew 75 million bottles or 150,000 barrels of beer (Akinsanya, 2009).

Guinness Nigeria Plc was incorporated on 29 April 1950 as a trading company importing Guinness Stout from Dublin, under the name Guinness Nigeria Ltd. In 1963, the Company commenced production in Nigeria and was listed on the Nigerian Stock Exchange (NSE) in 1965(Guinness Nigeria Plc, 2016).

According to Guinness Nigeria Plc (2016) Guinness is one of the leading alcoholic and non- alcoholic beverage companies in Nigeria with the dominant market share in the stout segment. The Company’s strong market share in the brewing industry in Nigeria is supported by a good brand name, technical & product quality assistance from its parent company and an improved Route to Market (RTM) strategy (Akinsanya, 2009).

Going forward, the Company intends to implement the Just in Time (JIT) procurement and inventory system as well as collaborate with local producers for cheaper input materials with a view to sustain the improved cash flow position. Guinness enjoys favourable terms of trade with its customers and suppliers; hence the Company has over the past three years recorded sufficient spontaneous financing which was adequate to cover its working assets. Nonetheless, GN PLC's long term funds are inadequate to cover the long term assets; hence the Company recorded working capital deficiency which was financed with short term borrowing.

Subsequent to year end, Guinness acquired the rights to distribute Diageo Plc's International Premium Spirits (IPS) brands as well as United Spirits Limited's McDowell in Nigeria. In addition, the Company plans to deepen its distribution and sales of value products across the Country. In our opinion, quick penetration of these products into the market will make Guinness more competitive in the spirits and value segment of the Industry. Guinness plans to expand its Aba Brewery plant to support its Orijin bitters product manufacture as well as upgrade the Aba Logistics center in the short to medium term. In addition, the Company also plans to expand infrastructure to cover the optimization of the warehouse in Ikeja. Agusto & Co. believes that the successful implementation of the expansion projects will drive growth in the medium term (Akinsanya, 2009).

Strengths

- Well established and diverse brands
- Qualified management team
- Strong support from parent company - Diageo Plc
- Dominant leader in the stout market
- Good cash flow

Weaknesses

- Inadequate working capital
- Declining profitability that requires improvement

Challenges

- Weak operating environment
- Higher raw material cost as a result of devaluation of the local currency
- Stiff competition for products in the value segments
- Lower consumers' effective disposable income

Even as business in Nigeria continue to be impacted by poor multiple taxation and high interestrates while the society battles with high unemployment rate, corruption, and insecurity. The country's infrastructure remains significantly underdeveloped: with crisis in the power sector showing no signs of significant improvement, continued gridlock at the Lagos ports which has constrained access to the port and getting out imported raw materials and the general poor state of the roads and transportation network. Furthermore, government revenues continue to decline leading to larger budget deficits. As a result, federal allocations to states and local governments have waned resulting in the inability of many states to pay salaries and governmentcontractors asat when due and leading to a general lull in the economy with the resultant effect of worsening unemployment which was reported to be at 23% by the middle of the year. The challenges enumerated above have in no small measure contributed to the high cost of doing business in Nigeria and a drastic reduction in consumer purchasing power (Adegbite, 2014).

The resultant pressure on consumer disposable income is reflected in the performance of most companies in the economy. For most companies, margins continue to decline with profitability under immense pressure. Despite the above challenges, Guinness Nigeria are pleased that your Company has remained profitable notwithstanding the high operating cost driven by the increased cost of inputs and cost of doing business.

Guinness Nigeria Performance

In spite of the challenges in the business environment highlighted above and the intense competition in the brewing industry, I am happy to report that your Company remained profitable during the year under review as reflected in the financial results contained in the Annual Report published as part of this year's Annual General Meeting (Guinness Nigeria online, 2006).

Guinness Nigeria Innovation

Through the tough economic terrain, management continued to commit resources to support the brands and enhance innovation, resulting in the launch of 3 new exciting brands during the year.Baileys Delight was launched in January 2019, Guinness Gold, a great new premium lager brand, was launched in March 2019 and Orjin Herbal Gin in April 2019. I am happy to inform you thatall the newly launched brands are delivering impressive volumes.

Guinness Nigeria Corporate Social Responsibility

Guinness Nigeria continues to be a socially responsible corporate citizen contributing to the development of Nigeria in general and in particular the host communities in which it operates. During the year, Guinness Nigeria continued with their flagship responsible drinking programme called the Ember Months' Campaign in partnership with the Federal Road Safety Commission ("FRSC"). Motor parks were visited in Lagos and Edo State where Guinness Nigeria representatives educated commercial vehicle drivers, transporters and motorcycle operators on the negative consequences of drink-driving and on how to drink responsibly. It was also an opportunity for these commercial transport workers and other road users to sign the #JoinThePactpledge, a global initiative promoted by Diageo where road users make a pledge notto drink and drive. As part of the campaign, Guinness Nigeria donated digital breathalyzers unitsto the FRSC commands in Lagos and Edo State.

Similarly, in furtherance of the DRINKiQ initiative and Guinness Nigeria's commitment to instill a responsible drinking culture, in January 2019, Guinness Nigeria partnered with the Lagos State Ministry of Transportation to train over 800 commercial drivers and road transport officials from different agencies such as the FRSC, Lagos State Transport Management Agency and the Vehicle Inspection Office. The DRINKiQ campaign was also taken to rural Nigeria; in Cross River state, over 3,000 people in 13 communities were reached using flashcards to educate them on responsible drinking and the consequences of alcohol abuse. Also, in furtherance of Guinness Nigeria's desire to instil proper drinking habits among the young people,its DRINKiQ partnership with the National Youth Service Corps continued where 1,672 Corp members were inducted and provided with brochures and training materials for conducting DRINKiQ trainings in the communities where they are posted to serve. Guinness Nigeria continues to contribute its quota to the socio-economic development of the country through various initiatives such as the Diageo Africa Water of Life Programme, In Kebbi State (Guinness Nigeria online, 2006).

Guinness Nigeria partnered with WaterAid Nigeria to provide a solar powered water facility in D'ka, Wasagu Local Government Area, Kebbi State. In addition, Guinness Nigeria and WaterAid Nigeria in collaboration with the Kebbi State Government provided 2,500 residents ofthe D'ka community with access to clean portable water. Similarly, the long-standing support to the Guinness Eye Centre continued during the year with.

Guinness Nigeria donating the sum of NGN 10 Million to the Guinness Eye Centre at the Lagos University Teaching Hospital and Guinness Nigeria Eye Centre Onitsha. Guinness Nigeria also partnered with the Royal Commonwealth Society for the Blind, also known as Sightsavers, in a project to tackle avoidable blindness where 230 women with cataract disease in Kebbi and Sokoto states benefited from surgeries supported by Guinness Nigeria.

To further demonstrate its commitment to the Federal Government's policy on diversifying the economy and promoting local content, Guinness Nigeria in January 2019 launched its agriculturalscheme called "Grow with Nigeria." The scheme will ensure that Guinness Nigeria is able to source its sorghum requirement from local farmers. Under the scheme, over 5,000 participating small-holder farmers across 8 states will supply sorghum to Guinness Nigeria. Guinness Nigeria expect that this initiative will contribute greatly to the growth of the economies of the communities where this scheme is being implemented (Guinness Nigeria online, 2006).

Guinness Nigeria Code of Business Conduct

The Company has a Code of Business Conduct (COBC) which is based on the purpose and values as an organisation. At the heart of the COBC is a culture of "Acting with Personal Integrity" at all times as Guinness Nigeria engage with internal and external stakeholders. The COBC is applicable to all employees, directors and business partners of the Company. the COBC covers salient topics which include Health, Safety and Personal Security, Bribery and Corruption, Responsible Drinking, Money Laundering, Discrimination and Human Rights, InformationManagement and Security, Quality, Insider trading, Conflict of Interest, Competition and Anti- Trust, Data Privacy, Relationships with customers, suppliers and other business partners, External Communications and social media amongst others (Guinness Nigeriaonline, 2006).

We apply the principles of fairness, integrity and transparency in all the business dealings as entrenched in our COBC and in line with international best practices. Training, awareness and communication programmes as well as compliance monitoring mechanisms are in place to ensure that all relevant stakeholders remain aware of and comply with the provisions of the COBC and policies. During the year, like in the past, Guinness Nigeria sustained continuous engagements with the people (contractors and employees) in building understanding of the Code and Corporate Governance principles and to further embed the ethical standards in their daily activities (Guinness Nigeria Plc, 2016). This way, Guinness Nigeria expect that they will choose to do the right thing every day and everywhere. Key policies covered in these engagements are Anti-Bribery and Corruption, Health and Safety, Competition and Anti-Trust, Responsible Drinking, Conflict of Interest Declaration and Data Privacy. The employees and contractors also completed mandatory policy trainings rolled out by Diageo and signed up to the Annual Certificate of Compliance. Guinness Nigeria have also established and seek to sustain a culture in which employees feel comfortable raising concerns about potential breaches of the COBC or policies. Guinness Nigeria expect anyone who comes across a breach to report it immediately, either through the confidential whistleblowing helpline SpeakUp, to their Line Manager, to a member of the Controls, Compliance & Ethics team, the Human Resources or Legal team. The approach to breach management is embedded in the Diageo Breach Management Standard and the local Disciplinary Policy. All allegations are taken seriously and those that require action are investigated and addressed promptly. Guinness Nigeria monitor breaches to identify trends or common areas where further action may be required (Guinness Nigeria Plc, 2016).

The Future of Guinness Nigeria

The financial performance of the Company in the year under review was impacted by the factorsearlier mentioned in my address. However, I am confident that the strategies being adopted by the Board and Management will put your Company on a sound footing to enjoy growth. Guinness Nigeria have made deliberate choices in where Guinness Nigeria are putting the investments as a business –in the brands and in the people. Guinness Nigeria are confident that these investmentswill yield dividends and improve shareholder return in the years to come I believe that with the successful conduct of the general elections, the constitution of a new cabinet and with the passage of the budget, the new government will earnestly begin implementing the Economic Recovery and Growth Plan (ERGP) with much need reforms in thepower sector, ports and the general business environment in order to spur needed economic growth in the country and ultimately provide jobs for the people.

Finally, as a Company, Guinness Nigeria will continue to innovate and invest in the brands. Guinness Nigeria are passionate about the products and Guinness Nigeria are working hard to ensure that the products are the preferred choice in every product category. Guinness Nigeria are confident that the investment and the hard work over the last few years will yield dividends and improve shareholder return in the years to come.

2.1 All types of business provided by the company

Guinness is part of Diageo Group, the world's leading premium drinks business, trading in over 180 countries around the world. Diageo has a wide array of beverages and alcoholic brands spanning across spirits, wines and beer categories including Johnnie Walker, Smirnoff, J&B, Baileys, Tanquery, Captain Morgan, Guinness Foreign Extra Stout, Beaulem Vineyard and Sterling Vineyard wines. Guinness Nigeria Plc is primarily engaged in the brewing, packaging and marketing of alcoholic and non-alcoholic beverages comprising Stout (Guinness Foreign Extra Stout and Guinness Extra Smooth), Lager (Harp, Satzenbrau Pilsner and Dubic), Malt (Malta Guinness, Malta Guinness Low Sugar, Dubic), Flavoured Alcoholic Beverages (SmirnoffIce, Smirnoff Ice Double Black with Guarana, Snapp and Alvaro) and Spirits & Bitters (Master's choice, Orijin mixed drink and Orijin bitters) (Akinsanya, 2009)

Guinness Nigeria Plc's head office is situated at 24, Oba Akran Avenue, Ikeja, while the Company's 3 brewery plants are located in Lagos State (Ogba Brewery), Edo State (Benin Brewery) and Abia State (Aba Brewery). The plants have a combined installed production capacity of 6 million hectolitres and estimated total capacity utilization rate was 74% duringFYE 2015.

Guinness Nigeria produces the following beer brands:

- Foreign Extra Stout (7.75% alcohol)
- Harp Lager Beer (5.15% alcohol)
- Guinness Extra Smooth (6% alcohol)
- Satzenbrau
- Harp Lime
- Dubic Extra Lager (5% alcohol)

The RTD (ready-to-drink) Products include:

- Smirnoff Ice (5% alcohol)
- SNAPP (5% alcohol)
- Orijin (6% alcohol)

The popular malta (soft drink) drink range includes (Adegbite, 2014):

- Malta Guinness
- Malta Guinness Low Sugar

A tabular breakdown of the Guinness Nigeria Product categorization is as follows:

Premium Category	Mainstream Category	Value Category
Guinness Foreign Extra Stout	Harp Lager beer	Dubic lager, Dubic malt, Dubic Ale
Guinness Extra Smooth	Malta Guinness, Malta Guinness Low Sugar	Satzenbrau Pilsner
Master’s choice	Orijin bitters, Orijin ready to drink	
Premium Spirits	Smirnoff Ice, Smirnoff Ice Double Black with Guarana	
	Alvaro, Snapp	

Table 2.1: Guiness Nigeria Products

The Company’s products are sold through over 130 major distributors spread across Nigeria and one in the United Kingdom. Guinness’ main competitors in Nigeria are Nigerian Breweries Plc and SAB Miller. Guinness Nigeria Plc maintains Technical Services Agreements and Trademark and Control Agreements with companies in the Diageo Group for various brewed products. The Company also sources some raw materials, engineering spares and fixed assets from other companies within the Group (Guinness Nigeria, 2020).

Figure 2.1: Image of Guinness Nigeria Products (Source: Google Image)

2.1.1 Organizational structure of the company

The business is largely self-regulated and Guinness Nigeria pride ourselves as leading the peers in the industry and Nigeria in this regard. In addition to self-regulation at standards often above the minimum legal or regulatory requirements, Guinness Nigeria are committed to conducting business in line with best practice, in accordance with applicable laws and regulations in Nigeria, in line with the requirements of the Nigerian Stock Exchange as well as in compliance with the Code of Corporate Governance in Nigeria. To further sustain the commitment to ethical businessstandards, values of integrity, honesty and fairness, as well as good corporate governance, Guinness Nigeria Plc signed up to the Convention on Business Integrity in September 2011. The Board and the Company also participated fully in and successfully completed all the requirementsfor certification on the Corporate Governance Rating System (CGRS) implemented by the Nigerian Stock Exchange (Gberevbie, 2017).

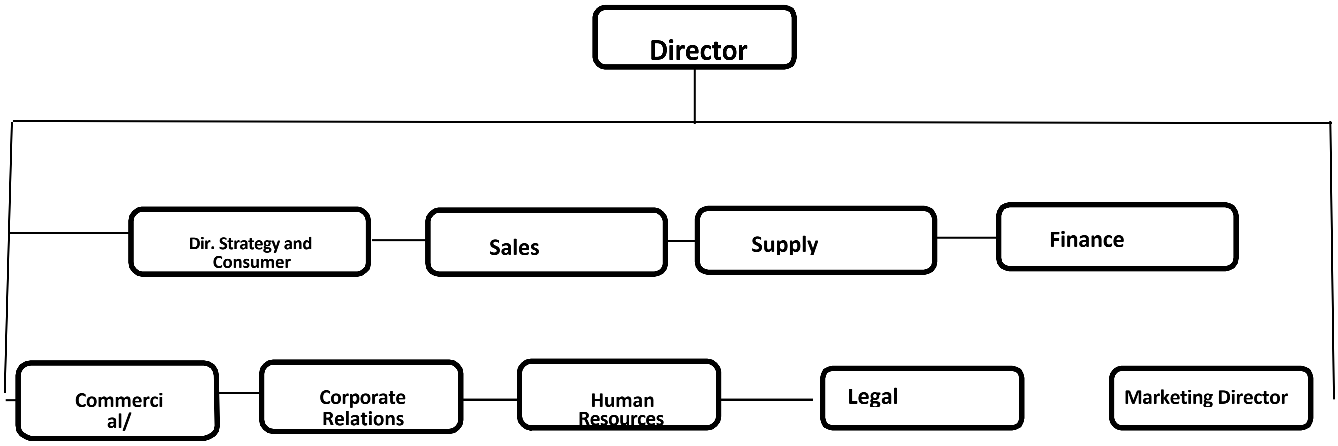

Figure 2.2: Organizational structure

The Company complied with other corporate governance requirements during the year under review as set out below

Board of Directors

The Board is responsible for the oversight of the business, long-term strategy and objectives, andthe oversight of the Company's risks while evaluating and directing implementation of Company controls and procedures including, in particular, maintaining a sound system ofinternal controls to safeguard shareholders' investments and the Company's assets. There are currently four (4) regularly scheduled Board meetings during each financial year, and the Boardmeets whenever required to ensure the discharge of its functions.

The Guinness Nigeria Board through the Audit Committee is responsible for monitoring adherence by the Company and its employees to the laws of the land and the Company's Code of Business Conduct. The Board as a whole has the responsibility for ensuring satisfactory dialoguewith shareholders on key aspects of the Company's business (Ojo, 2017).

Composition of the Board of Directors and Procedure for Board Appointments

During the financial year 2019, the Board consisted of the Chairman, 11 non-executive directors and 2 executive directors. At least Seven (7) of the non-executive directors are independent of management of Guinness Nigeria PLC and its parent company Diageo, and are free from any constraints, which may materially affect the exercise of their judgement as directors of the Company.

These non-executive directors also meet all of the criteria set out in the Code of Corporate Governance 2018 for Independent Directors in a publicly quoted company and carry out their duties on the Board as such. All directors are selected on the basis of core competencies that strengthens the capacity of the Board including experience in marketing, general operations, strategy, law, corporate governance and compliance, business consulting, human resources, technology, media or public relations, finance or accounting, retail, consumer products, international business/markets, public affairs and government relations, logistics, product design, merchandising or experience as a Managing Director or Finance

Director. In addition to having, one or more of these core competencies, candidates for appointment as Directors are identified and considered on the basis of their knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand the Company's business (Ojo, 2017).

Separation of the positions of Chairman and Managing Director

In accordance with good corporate governance practices, the positions of the Managing Directorand that of the Chairman of the Board are occupied by different persons and the Managing Director is responsible for implementation of the Company's business strategy and the day-to- day management of the business.

Schedule of Matters Reserved for the Board

The following are the matters reserved for the Board of Directors of the Company:

i. **Strategy and management**

- Input into the development and approval of the long-term objectives and overall commercialstrategy for the Company.
- Oversight of the Company's operations.
- Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

ii. Structure and capital

- Changes relating to the Company's capital structure including reduction of capital, share issues(except under employee share plans) and share buy backs.
- Major changes to the Company's corporate structure.
- Changes to the Company's management and control structure.
- Any changes to the Company's listing or its status as a publicly listed company.

iii. Financial reporting and controls

- Approval of preliminary announcements of interim and final results.
- Approval of the annual report and accounts, including the corporate governance statement.
- Approval of the dividend policy.
- Declaration of the interim dividend and recommendation of the final dividend.
- Approval of any significant changes in accounting policies or practices.
- Approval of treasury policies including foreign currency exposure.

iv. Internal controls

Ensuring maintenance of a sound system of internal control and risk management including:

- receiving reports from the Finance and Risk Committee and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives;
- undertaking an annual assessment of these processes through the Finance and Risk Committee;and

- approving an appropriate statement for inclusion in the annual report.

v. Contracts

Major Capital Projects.

- Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets of amounts above the threshold reserved for executive directors under the Schedule of Limits and Authorities.
- Contracts of the Company (or any subsidiary) not in the ordinary course of business, for example loans and repayments; foreign currency transactions and; major acquisitions or disposals of amounts above the thresholds reserved for Executive directors under the Schedule of Limits and Authorities.

Major investments including the acquisition or disposal of interests of more than five (5) percent in the voting shares of any company or the making of any takeover offer.

Communication

i. Approval of resolutions and corresponding documentation to be put forward to shareholders at ageneral meeting.
ii. Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to acommittee).
iii. Approval of press releases concerning matters decided by the Board.

Board membership and other appointments

i. Changes to the structure, size and composition of the Board, following recommendations fromthe Governance and Remuneration Committee.

ii. Ensuring adequate succession planning for the Board and senior management following recommendations from the Governance and Remuneration Committee.

iii. Appointments to the Board, following recommendations by the Governance and RemunerationCommittee.

iv. Approval of appointment of the Chairman of the Board following recommendations by theGovernance and Remuneration Committee

vi. Membership and Chairmanship of Board Committees.

vii. Continuation in office of directors at the end of their term of office, when they are due to bereelected by shareholders at the Annual General Meeting and otherwise as appropriate.

viii. Continuation in office of non-executive directors at any time

ix. Appointment or removal of the company secretary following recommendations by the Governance and Remuneration Committee.

x. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Statutory Audit Committee and the Finance and Risk Committee.

Remuneration

i. Approval of the remuneration policy for the directors, companysecretary and other senior executives following recommendations by the Governance and Remuneration Committee.

ii. Approval of the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate following recommendations by the Governance and Remuneration Committee.

iii. The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Governance and Remuneration Committee.

Delegation of authority

i. The division of responsibilities between the Chairman and the Managing Director/Chief Executive Officer, which should be in writing.

ii. Approval of terms of reference or charters of Board Committees.

iii. Receiving reports from Board Committees on their activities.

Corporate Governance matters

i. Undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors.

ii. Determining the independence of directors.

iii. Considering the balance of interests between shareholders, employees, customers and the community.

iv. Review of the Company's overall corporate governance arrangements.

v. Receiving reports on the views of the Company's shareholders.

Induction and Training of the Board of Directors

The Company has in place a formal induction program for newly appointed directors. As part of this induction, each new director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the senior management team. Newly appointed directors are also conducted round the production facilities of the Company to gain first-hand knowledge of the production process andthe emphasis placed on health and safety by the Company. The Governance and Remuneration Committee is in charge of evolving a continuing education programme to ensure existing directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing education seminars or programmes which would be beneficial to the company and the Directors' service on the Board (Gberevbie, 2017).

Performance Evaluation process

The Governance and Remuneration Committee oversees a formal evaluation process to assess thecomposition and performance of the Board, each Committee, and each individual director onan annual basis. The assessment is conducted to ensure the Board, Committees, and individual members are effective and productive and to identify opportunities for improvement. As part of the process, each member completes a detailed and thorough questionnaire and each member also participates in an oral interview/conversation session as a follow up to the completion of the questionnaires. The results are aggregated and summarized for discussion purposes however; individual responses are not attributed to any member and are kept confidential to ensure honest and candid feedback is received. The Governance and Remuneration Committee reports annually to the full Board with result of the evaluation exercise. Directors will not be nominated for re-election unless it is affirmatively determined that the director is substantially contributingto the overall effectiveness of the Board.

A summary of the Board Performance Evaluation in the 2019 financial year is that the activities of the Board and the Company align with established corporate governance best practice and that the Board has put in place structures, processes and procedures that would ensure sustenance of best corporate governance practices (Guinness Nigeria 2020).

ShareholderAccess to Board

Shareholders may communicate on governance matters directly to the Board through the Company Secretary. As deemed appropriate, such matters may be referred to the entire Board, committees of the Board, individual members, or other departments within the Company.

Guinness Nigeria Board CommitteesAudit Committee

The Audit Committee assists the Guinness Nigeria Board in fulfilling its oversight responsibilitiesrelating to the integrity of the financial statements, compliance with legal and regulatory requirements, the independent auditor's qualifications, independence and remuneration, the performance of the internal audit function and the performance of the independent auditor and tohandle such other matters as are set out in its terms of reference (Gberevbie 2017).

The Audit Committee ensures that an annual review of the Company's internal control over financial, operational and compliance matters is done and notifies shareholders of same in the annual report of the Company.

The Audit Committee is also responsible for monitoring compliance by the Company and its employees to the laws of the land and the Company's Code of Business Conduct. The Committee monitors and ensures that the Company's whistle blowing mechanisms are active andare widely publicised.

Other Committees

Guinness Nigeria Board has the discretion to form new committees or dissolve existing committees depending on the circumstances. Each Non-Executive Director will be expected to serve on at least one committee. Except in exceptional circumstances, a committee chairman who has served three consecutive years is expected to step down as chairman for at least one year so as to facilitate the rotation of committee chairpersons. Guinness Nigeria Board may from time totime as circumstances may require establish such new board committees as may be required for the efficient running of the Board, including the following:

(a) Nominations Committee

The Nominations Committee makes recommendations to the Guinness Nigeria Board on all matters concerning corporate governance and directorship practices as formalised in the Nominations Committee Terms of Reference, including development of corporate governance guidelines, evaluation of the Guinness Nigeria Board, committees and individual Directors, identification and selection of new Guinness Nigeria Board nominees, and oversight of the Company's policies relating to social and environmental issues. The Nominations Committee also evaluates and determines compensation policies and recommends compensation for Non- Executive Directors.

(b) Executive Management Committee

The Executive Management Committee is responsible for the day to day management of the Company and all the operational aspects of the Company. The Executive Management Committee meets regularly to review the performance of the Company, assess the operations of the Company and ensure that adequate internal controls and compliance systems are in place and adhered to. The Executive Management Committee also identifies the Company's risk profile and ensures that all the relevant steps are taken to mitigate and address the said risks (Guinness Nigeria, 2020).

2.2 COMPANY FINANCIALACTIVITIES

2.2.1 Company Financial Statement's Analysis

In the 1850s, the concept and application of financial statements' analysis was introduced and increased as the financial industry became popular amongst other operating industries and the primary invisible hand impacting nations' economies (Horrigan, 2008). Financial analysis was introduced in the United States of America in 1900, when a study was conducted on 981 companies through the use of seven financial ratios to study the status of these companies (Saoud,2020).

Financial analysis is now seen as an independent body with a cogent functions. The main use of those financial ratios is to analyze a company's performance by applying those measurements onto relative accounts from the annual financial statements for interested stakeholders. Financial statement are a structured representation of the financial position and financial performance of anentity Meigs and Meigs (2003). Financial statement analysis helps to provide information about a business unit for decision making purpose and such information need not to be limited to accounting data while ratios and other relationships based on past performance may be helpful in predicting the future earnings performance and financial health of a company.

According to Meigs and Meigs (2003), the key objectives of financial analysis are to determine the company's earnings performance and the soundness and liquidity of its financial position. . Analysis generally means diagnosing a situation and highlighting weaknesses or strengths. A firm's financial performance is assessed by analyzing its financial statement and comparing them with either its past annual statement or other company's statement of the same industry, and theyare used by internal and external users. The performance is analyzed on the degree of profitability, solvency, efficiency, and activity. Financial statement analysis is highly important in any industry, business or company irrespective of their size or scope of operation. Financial analysis helps industry to measure their performances, observe their growth, and identify their areas of strength and weakness and opportunity to utilize. Reporting of the financial statement according to the generally acceptable standard and in compliance with Generally Accepted Accounting Principles (GAAP) is required for any business/company (Heather, 2006).

2.2.2 Guinness Nigeria Financial Activities

This section presents the financial activities of Guinness for 5years (2015 - 2019). The financial activities were gotten from annual report of the company as at the year ended 30 June 2019. Specifically the accounts of the statement of income and statement of financial position from the annual report were used. The summary of the selected financial data, balance sheet accounts for five years are used in the measurement of the company’s liquidity/ solvency ratio, profitability ratio, and activity ratio.

All the data presented in table 1 below were extracted from the financial statement (income and loss statement, statement of balance position) of the company annual report. It is from these statements that all the ratios calculated/analyzed and discussions were made about Guinness Nigeria for the past 5years of operations.

GUINNESS NIGERIA PLC – FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA (Amounts in Thousands of Naira, except per share data) (for fiscal years ended June 2019)

Table 2.2: FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

	2019	**2018**	**2017**	**2016**	**2015**
Income Statement			*₦ ('000)*		
Net Sales/Revenue	131,498,373	142,975,792	125,919,817	101,973,030	118,495,882
Operating profit	8,966,036	13,386,248	20,186,330	4,415,623	15,667,379
Profit/loss before taxation	7,103,630	9,943,164	2,662,081	(2,347,241)	10,795,102
Profit/loss for the year	5,483,732	6,717,605	1,923,720	(2,015,886)	7,794,899
Comprehensive income/(loss) for the year	5,485,822	6,685,021	1,888,387	(1,843,347)	7,827,014
Financial Position Statement					
Total assets	111,936,154	110,407,853	88,812,393	89,122,609	88,735,120
Total liabilities	22,895,691	22,869,679	45,878,378	47,462,004	40,393,744
Non-current assets	101,442,123	98,602,233	88,688,966	88,941,791	88,696,961

Current assets	10,494,031	11,805,620	123,427	180,818	38,159
Net current assets	10,487,549	11,762,932	-	-	-
Net current liabilities	-	-	(6,492,839)	(19,239,787)	(12,588,832)
Long term liabilities	22,815,691	22,819,679	39,375,539	28,222,217	27,804,912
Capital employed	111,936,154	110,407,853	82,318,554	69,822,822	76,146,288
Retained earning	40,518,242	39,045,954	33,228,725	31,946,315	38,608,504
Stockholders' funds/ equity/ Net-worth	89,060,463	87,588,174	42,943,015	41,660,605	48,341,376
Per 50k share data (in kobo)	250	330	128	(134)	518
Basic earnings/(loss) per share	152	184	64	50	320
Proposed dividend	3,329,381,885	4,030,563,085	963,768,440	752,944,094	4,818,842,202

Source: Guinness Nigeria Plc. Annual Report

Making profits is the key target of companies, to be profitable and maximize the wealth of the owners in the medium and long term. The income and statement report showed that the company has been experienced a decrease/fall in profitability and performance level in 2019 compare to 2018. The company enjoyed a favourable business condition in all areas in 2019 compare to 2018. Table 1: showed that there was an increase in net sales from year 2015 to 2018 but the net sales drop in 2019 due to a drastic reduction in consumer purchasing power as a result of resultant pressure on consumer disposable income. The operating profit experience a decreased from 2017 to 2019 due to high operating cost driven by the increased cost of inputs and cost of doing business in Nigeria.

The company has a highest profit for the year in 2015, a loss in 2016, a low profit in 2017 due torecovery from the loss of 2016, a drastic increase in profit in 2018 and a decrease in profit forthe year in 2019 due to decrease in operating profit, poor multiple taxation and high interest rates. Year 2016 was the most unfavourable time for the company within the 5years, although the company did their best to cover the loss in 2017 and still retained some reasonable amount of profit at the end.

The statement of financial position showed that the company assets increases year in year out. For the past 5years, the highest liabilities was incurred in 2016 (year of net loss), the lowest liabilities was reported in 2018 and 2019. Despite the unfavourable business condition, the company endeavor to bring their liabilities to minimum by financing their immediate and long term undertaking from the available resources. The current assets of the company was higher than the current liabilities in 2019 and 2018 but lower from 2015 to 2017.

Furthermore, the company ensured they retained more earning in 2019 compare to the previous years so as to have more money to re-invest and to finance the preceding year expenses. Likewise, the net-worth of the company has been on increase since 2015 and increase rapidlyin 2018 and slight increase in 2019.

The basic earnings per share fall from 184 to 152 in 2019 and per 50k share data falls from 330 to 250.

2.3 ACCOUNTING RATIOS AND DISCUSSIONS

Ratio Analysis

A ratio though may seem very simple but is potentially a very powerful tool. Alexander and Nobes (42) report evidence that managers of Korean firms use almost all income statement variables to influence earnings numbers (i.e. revenues and selling, general & administrative expenses to reportsmall positive earnings from operations) verifying the importance of income statement in the decision making process of financial information's users.

According Alexander and Nobes (2004) a number in isolation is not a very helpful piece of information. For example, 'sales last year were 20 million Norwegian krone'; what information does this give? Without knowledge of the exchange rate between the home currency and Norwegian krone, no comparison with home sales is possible. Without knowledge of the size ofthe Norwegian market for the products concerned, and without knowledge of the structure of thatmarket in terms of size and number of competitors, no comparison with the general situation in Norway is possible. Without knowledge of sales figures for earlier years, and of the assets available and the expenses consumed to create those sales, no appraisal of progress, effectivenessor efficiency is possible.

The financial ratios measured from the annual report of the company are profitability ratios, solvency ratios and activity/efficiency ratios. The profitability measurements are operating profit, net profit, return on equity, o and retention earnings. The solvency measurement include Debt-to

-Assets ratio, equity ratio, debt ratio, debt to equity ratio, financial leverage ratio. The efficiency/activity measurement include Total Assets turnover ratio, working capital turnover ratio, and non-current assets turnover ratio. All these financial analysis and ratios will be to the benefit of the company in examining its success as well as viability, sustainability and productivity.

2.3.1 PROFITABILITY RATIO

Profitability ratios are used to assess the business ability to generate earnings relative to its revenue, operating costs, balance sheets or shareholders' equity over time. Profitability ratios investigate if that aim has been achieved, from the owners' point of view. It analyzed how productive a company is by comparing income to sales, assets and equity.

Profitability of a company explores the amount of wealth that the entity has created by using the resources made available for its operations. Equity and long-term liabilities are the capital employed by the company to produce profits, through the use of the assets purchased.

The profitability ratios of Guinness Nigeria for the past 5years of operation are presented thus:

Table 2.3: Profitability Ratios

Ratios	Formula	Years				
		2019	**2018**	**2017**	**2016**	**2015**
Net Profit Margin	Net income (loss)	5,485,822	6,685,021	1,888,387	(1,843,347)	7,827,014
	Net Sales	131,498,373	142,975,792	125,919,817	101,973,030	118,495,882
	=	**4.17%**	**4.68%**	**1.50%**	**(1.81%)**	**6.61%**
Operating profit margin / Return on sales	Operating profit	8,966,036	13,386,248	20,186,330	4,415,623	15,667,379
	Net Sales	131,498,373	142,975,792	125,919,817	101,973,030	118,495,882
	=	**6.68%**	**9.36%**	**16.03%**	**4.33%**	**13.22%**

Return on Equity	Profit after tax	5,485,822	6,685,021	1,888,387	(1,843,347)	7,827,014
	Net worth	89,060,463	87,588,174	42,943,015	41,660,605	48,341,376
	=	**6.16%**	**7.63%**	**4.40%**	**(4.42%)**	**16.19%**
Return on Assets	Net income (loss)	5,485,822	6,685,021	1,888,387	(1,843,347)	7,827,014
	Total Assets	111,936,154	110,407,853	88,812,393	89,122,609	88,735,120
	=	**4.90%**	**6.05%**	**2.13%**	**(2.07%)**	**8.82%**
Return on Capital employed	Operating profit	8,966,036	13,386,248	20,186,330	4,415,623	15,667,379
	Capital employed	111,936,154	110,407,853	82,318,554	69,822,822	76,146,288
	=	**8.01%**	**12.12%**	**24.52%**	**6.32%**	**20.58%**
Retention ratio	Retained earning	40,518,242	39,045,954	33,228,725	31,946,315	38,608,504
	Net income/loss	5,485,822	6,685,021	1,888,387	(1,843,347)	7,827,014
	=	**7.39**	**5.84**	**17.60**	**(17.33)**	**4.93**

Source: Guinness Nigeria Plc. Annual Report

The rule of thumb for profit margin says 5% is a low margin, 10% is a healthy margin, and 20% is a high margin. Report by NYU revealed that net profit margin is 7.7% across different industries (Brex n.d). The results showed that Guinness Nigeria net margin for the 5years is 3.03%, the reduction in the net profit margin was also as a result of loss incurred in 2016. The net profit margin for 2015 was 6.61%, 2016 was (1.81%), 2017 was 1.50%, 2018 was 4.68% and 2019 was 4.17% (see table 2).

Mongiello (2009) explains that the profitability of the main operations is achieved through the combination of the pace of the turnover of the capital and margins. For most businesses, an operating margin higher than 15% is considered good (Mary n.d.). The operating profit marginfor 2015 was 13.22%, 2016 was 4.33%, 2017 was 16.03%, 2018 was 9.36% and 2019was 6.68%. It was only in 2017 that the company ROS rise above the standard margin. There has been a continuous decline in the operating margin of the company since 2015, an increasein 2017 and weak and declining operating margin in 2018 and 2019. It is essential that GuinnessNigeria looks into the operational costs to determine if they should make changes inorder to keep its operating margin from declining.

Return on equity (ROE) is a measurement of how effectively a business uses equity or the money contributed by its stockholders and cumulative retained profits to produce income. (Maria, 2021). The acceptance ROE ratio depends on the industry, the investors, and the firm's rivals, generally, the acceptance ratio is at 10% & above (Hargrave, 2020b). For Guinness, the average ROE within 2015-2019 is 5.99%. In 2015, the ROE was 7.63%, 7.63% in 2016, 4.40% in 2017, (4.42%) in 2018 and 16.19% in 2019. The company ROE has been low and on a continuous reduction.

The return on assets (ROA) is similar to the ROE expect for management using assets, that includes both equity and liabilities, to generate the profits instead of the stockholders' equity; it presents the firm's cost-effectiveness level of scarce resource management (Hargrave, 2020a). The higher the ratio, in comparison with competitors within the same industry, the more the firm's management is effective & efficient and vice versa (Hargrave, 2020a). The ROA of Guinness Nigeria has been falling since 2015 and on a very low rate in 2016 and 2017, a slight increase in 2018 and fall in 2019 due to the company is just recovering from lossincurred during this period.

The ROCE shows how much operating income generated for each naira of capital invest. A goodrule of thumb is that a ROCE of 15% or more is reflective of a decent quality business. The company recorded a good ROCE in 2015 and 2017, a very low ROCE in 2016 and fairly goodROCE in 2018 and low ROCE in 2019.

Retention ratio is the proportion of earnings kept back in the business as retained. The company retained the highest earning in 2017 and endeavor to slightly increase their retention earning in2019 despite the unfavourable business condition.

2.3.2 SOLVENCY RATIOS

A solvency ratio measures how well a company's cash flow can cover its long-term debt and to measure a company financial health. An unfavourable ratio can indicate some likelihood that a company will default on its debt obligations (Adam, 2021). Liquidity ratios measures how a company can pay off its current debt obligations without raising external capital.

The Solvency ratios of Guinness Nigeria for the past 5years of operation are presented thus:

Table 2.4: Solvency Ratios

Ratios	Formula	Years				
		2019	**2018**	**2017**	**2016**	**2015**
Equity ratio	Total Equity	89,060,463	87,588,174	42,943,015	41,660,605	48,341,376
	Total Assets	111,936,154	110,407,853	88,812,393	89,122,609	88,735,120
	=	**0.80**	**0.63**	**0.99**	**0.47**	**0.55**
Debt ratio	Total liabilities	22,895,691	22,869,679	45,878,378	47,462,004	40,393,744
	Total assets	111,936,154	110,407,853	88,812,393	89,122,609	88,735,120
	=	**0.21**	**0.21**	**0.52**	**0.53**	**0.46**

Debt to Equity ratio	Total liabilities	22,895,691	22,869,679	45,878,378	47,462,004	40,393,744
	Total equity	89,060,463	87,588,174	42,943,015	41,660,605	48,341,376
	=	**0.26**	**0.26**	**1.07**	**1.14**	**0.84**
Financial leverage	Total assets	111,936,154	110,407,853	88,812,393	89,122,609	88,735,120
	Total equity	89,060,463	87,588,174	42,943,015	41,660,605	48,341,376
	=	**1.26**	**1.26**	**2.07**	**2.14**	**1.84**
Gearing Ratio	Long term liabilities	22,815,691	22,819,679	39,375,539	28,222,217	27,804,912
	Total equity	89,060,463	87,588,174	42,943,015	41,660,605	48,341,376
	=	**0.26**	**0.26**	**0.92**	**0.68**	**0.58**

Source: Extracted from Guinness Nigeria Plc. Annual Report

Table 3 shows the solvency ratio of Guinness Nigeria for the 5years under review. The average equity ratio for Guinness for the 5years amount to 0.69, of which 2015 Equity ratio is 0.55,

0.47% in 2016, 0.99 in 2017, 0.63 in 2018 and 0.80 in 2020. It showed that Guinness Nigeria is relatively healthy and solvent in funding its costs with equity rather than debt. This implies that for the past 5years, roughly 70% of its costs is being funded by equity. Equity ratio helps how much of a company is funded by equity as opposed to debt. According to Adam (2021), the higher the number (above 1.0); the healthier a company is, the lower the number (below 1.0), the more debt a company has on its books relative to equity.

A Debt ratio greater than 1.0 tells that a company has more debt than assets. The debt ratio of Guinness Nigeria for 2015 was 0.46, 0.53 in 2016, 0.52 in 2017, 0.21 in 2018 and 0.21 in 2019. It showed that the company is in a good financial health and can sufficiently pay its debt. The company likewise ensure there is drastic reduction in debt as at 2018 and 2019 and do their best to meet the needs from available equity despite the harsh business condition witnessed in 2019.

Debt to equity ratio gives insight into use of debt by company. A high Debt to equity ratio is considered highly risk to lenders and investors and indicates that the business owners may notbe providing sufficient equity to fund a business. The debt to equity ratio of the company for 2015 – 2019 were 0.26, 0.26, 1.07, 1.14 and 0.84 respectively. The ratio is still ideal for as at2018 to 2019, it revealed that the company is paying for most of its operations with equity ratherthan huge debt financing in 2016 and 2017 due to net loss of year 2016, which can considered as an efficient way to grow a business.

In the above result, the average gearing of Guinness Company for the 5years was 0.54. The gearing ratios for each year was 0.58, 0.68, 0.92, 0.26 and 0.26 for 2015 to 2019 respectively. It has been argued that the higher the gearing, the better it is for the shareholder due to the multiplier effect on the profitability. However, in the determination of the capital structure, the companies cannot ignore the fact that the high gearing increases the risk of the entity, as there is a commitment to higher debt, both principal and interest. The best balance must then be found in terms of the optimal capital structure.

Financial leverage is the use of debt to acquire additional assets. It is the amount of debt that an entity uses to buy more assets. Leverage is employed to avoid using too much equity to fund operations. An excessive amount of financial leverage increases the risk of failure, since it becomes more difficult to repay debt. The results shows that the financial leverage of the Guinness Nigeria is still under the acceptable range and the company has been funding most of its assets from debt rather it is evenly distributed between equity and debt except in 2016 and 2017 due to the company needed to get out of the loss incurred in 2016.

2.3.3 EFFICIENCY RATIOS

The efficiency ratio is typically used to measure how well a company uses its assets and liabilities internally to generate income Hargrave, (2020b). It helps in tracking and analyzingperformance.

Table 2.5: Efficiency Ratios

Ratios	Formula	Years				
		2019	**2018**	**2017**	**2016**	**2015**
Assets Turnover ratio	Net Sales	131,498,373	142,975,792	125,919,817	101,973,030	118,495,882
	Average Total Assets	111,936,154/2	110,407,853/2	88,812,393/2	89,122,609/2	88,735,120/2
	=	**2.35**	**2.59**	**2.84**	**2.29**	**2.66**
Working capital Turnover	Net sales	131,498,373	142,975,792	125,919,817	101,973,030	118,495,882
	Average net current assets/liabilities	10,487,549/2	11,762,932/2	(6,492,839)/2	(19,239,787)/2	(12,588,832)/2
	=	**25.08**	**24.31**	**38.79**	**10.60**	**18.83**
Fixed Assets Turnover	Net Sales	131,498,373	142,975,792	125,919,817	101,973,030	118,495,882
	Total non-current assets	101,442,123	98,602,233	88,688,966	88,941,791	88,696,961
	=	**1.30**	**1.45**	**1.42**	**1.15**	**1.34**

Source: Guinness Nigeria Plc. Annual Report

The results in table 4 showed that the assets turnover for Guinness from 2015 to 2019 are 2.66, 2.29, 2.84, 2.59 and 2.35 respectively, working capital turnover are 18.83, 10.60, 38.79, 24.31 and 25.08 respectively and the fixed assets turnover are 1.34, 1.15, 1.42, 1.45 and 1.30 respectively. This implies that Guinness Nigeria has a good asset turnover greater than 1 for the 5years, this implies the company is able to generate enough revenue to cater for some assets over the years.

It is likewise important to note that before determining how efficient a company is in generating enough revenue from its assets and/or current liabilities, it is essential that the results of the ratios are compared with other company in the similar sector.

2.4 System of Motivation of the company

According to Guinness Nigeria plc., (2016) in order to ensure that its day to day operations are carried out in the most efficient manner possible, the had continue to enter into transactions with related parties and interested persons that have been identified as necessary for such day-to-day operations. These transactions have been assessed to exceed 5% of the value of the net tangible assets or issued share capital of the Company.

Over the past year there has been slight positive improvements in Nigeria's macro-economic indices. Headline inflation rate has declined from 12.08% in late 2018 and moderated at between 11.0% -11.4% in the first half of 2019. There was also relative exchange rate stability during the year under review as a result of the sustained access to foreign exchange brought about by the continued operation of the Central Bank of Nigeria Investors and Exporters Window(Lee, 2017).

The nation's socio-political and economic environment remains increasingly challenging. According to the Guinness Nigeria, (2020) the economy grew only by 1.94% in real terms in Q2 2019, down from 2.10% growth recorded in Q1 2019. This means the economy declined by 0.16% in Q2 2019. Also, businesses in Nigeria continue to be impacted by poor multiple taxation and high interest rates while the society battles with high unemployment rate, corruption, and insecurity. The country's infrastructure remains significantly underdeveloped: with crisis in the power sector showing no signs of significant improvement¸ continued gridlock at the Lagos ports which has constrained access to the port and getting out imported raw materialsand the general poor state of our roads and transportation network.

Furthermore, government revenues continue to decline leading to larger budget deficits. As a result, federal allocations to states and local governments have waned resulting in the inability of many states to pay salaries and government contractors as at when due and leading to a generallull in the economy with the resultant effect of worsening unemployment which was reported to be at 23% by the middle of the year. The challenges enumerated above have in no small measurecontributed to the high cost of doing business in Nigeria and a drastic reductionin consumer purchasing power. The resultant pressure on consumer disposable income is reflected in the performance of most companies in the economy. For most companies, margins continue to decline with profitability under immense pressure.

But it should be noted that despite the above challenges, Guinness Nigeria Plc has remained profitable for the past 5years under review as reflected in the financial results contained in the Annual Report notwithstanding the high operating cost driven by the increased cost of inputs and cost of doing business. This is due to the strategic initiatives that the Board and Management continue to implement in a way that will enhance the chances of profitability of the business in each coming years.

The system of motivation of Guinness Nigeria PLC despite the challenging business environmentin Nigeria for the past 5 years, the company have been leveraging on the power of:

Ø **Innovation:** Through the tough economic terrain, management continued to commit resources to support to branding that will enhance innovation, which has resulted to the launch of 3 new exciting brands during the year 2019 (Baileys Delight, Guinness Gold and a great new premium) and all these brands are now delivering impressive volumes tothe company

Ø **Corporate Social Responsibility:** The Company continues to be a socially responsible corporate citizen contributing to the development of Nigeria in general and in particular the host communities in which it operates. The company has flagmanship responsible drinking programme called the Ember Months' Campaign in partnership with the Federal Road Safety Commission ("FRSC"). They do embarked on visitation every year to some strategic places in within the states to sensitize and enlightened consequences of drink- driving and on how to drink responsibly. Likewise, Guinness Nigeria continues to contribute its quota to the socio-economic development of the country through various initiatives such as the Diageo Africa Water of Life Programme, Guinness Eye Centre at the Lagos University Teaching Hospital and Guinness Nigeria Eye Centre Onitsha. Guinness Nigeria also partnered with the Royal Commonwealth Society for the Blind, also known as Sightsavers, in a project to tackle avoidable blindness where 230 women with cataract disease in Kebbi and Sokoto states benefited from surgeries supported by Guinness Nigeria.

Chapter 3

WAYS OF IMPROVING INVESTMENT ACTIVITY OF GUINNESS NIGERIA

Investment strategy is one of the functional strategies of any enterprise. This strategy is aimed at increasing financial stability and creating conditions for future development (Soboleva, 2018). The investment strategy provides for the preparation of a package of documents for a particular project, the security of the project, the formation of supporting documents, the choice of a strategy that best coincides with the strategic long-term goals in terms of priority and the assessment of its effectiveness. The strategy of investment activity determines the strategy of investment management of the organization, the sequence of certain actions to attract and use investment resources, the implementation of investment projects in accordance with the mission of the organization, strategic development goals, the system of functional segmental strategies for activities, investment projects (Komelina et. al., 2018; Abramov et. al., 2016). The effective activity of any manufacturing companies in the long-term perspective, ensuring high rates of their productivity and increasing competitiveness are largely determined by the professionalism of their investment activities (Dorzhieva, 2015; Osadchy & Akhmetshin, 2015).

3.1 Possible ways of improving efficiency of investment activity of Guinness Nigeria.

Guinness Nigeria being one of the of the leading alcoholic and non-alcoholic beverage companies in Nigeria with the dominant market share in the stout segment need to developed a strategy to improve their investment activity especially in this period of harsh business environment and attract more investors. For example, the income and statement report showed that the company has been experiencing a decrease/fall in profitability and performance level from 2019 till third quarter of 2021 compare to 2018. If this continues, investors will start losing interest in investing into the company future capital project, hence the need to developed a workable strategies for improving their investment activity. The best and suggested way based on the findings from the company annual reports and history is to improve their operations and technology management strategy. Improvement in the Operations and Management Technology (OTM) strategy will easily enhance increased productivity and attract more investors to the company. If productivity increase, investing into capital projects by investors will be an encouraging one.

It is expedient to know that Operations is primarily what an organization does. It is how the company transform inputs to outputs (waters, 2002). Companies are concerned with how best to manage the set of business processes that are directly involved in converting a variety of resources (such as finance, assets, component, materials, people effort) into output (final goods and or services), therefore the need to put an effective operating strategy and management into place so they can perfectly meet the needs of their customers. Operations strategy shape the overall performances of any enterprise.

Effective operations require a set of skills and knowledge where the application of relevant operation and technology management (OTM) tools and techniques play an important role, especially in this 21st century where and when continuous technological changes has been creating new challenges and opportunities for businesses. Operations and technology management (OTM) have had over 50 years of history in business processes (Roberts, 2004).

There are several production and operations management tools used by organization in making equipment selection, quality control, inventory, distribution, plant location, output capacity, maintenance, transportation decisions, among others (Sushil & Martin, 2014, p.5). Several studies have examined what strategic tools are most often used by managements in practice. Tools and techniques analysis widely used by organizations in operational processes and functions include strategic planning analysis, goal setting (vision and missions) analysis, PEST (political, economic, social, and technological environment) analysis, forecasting, modeling or scenario planning, benchmarking, critical success factors, and value chain analysis continue (Aldehayyat & Anchor, 2008; Elbanna, 2007; Frost, 2003; Gunn and Williams, 2007; Hunter &O'Shannassy, 2007; Michael, 2008; Sturgeon & Gereffi's, 2008, Abramov et. al., 2018).

According to Guinness Nigeria plc., in order to ensure that its day to day operations are carried out in the most efficient manner possible, the had continue to enter into transactions with related parties and interested persons that have been identified as necessary for such day-to-day operations. These transactions have been assessed to exceed 5% of the value of the net tangible assets or issued share capital of the Company.

In conducting this study, I am going to be focusing on the procurement process of the Guiness Nigeria. It is important to note that procurement and distribution process of the company is coordinated centrally from the head office. Supplies are then distributed according to need to the various brand outlets.

This procurement process will then be managed with the help of technological product called "Vendor Management System (VMS)". The VMS is developed to five (5) interfaces that enables the various stakeholders in the procurement process to have access at every point in time. Each of the five interfaces represents the following;

•Outlets

•Warehouse

•Procurement (Head Office)

•Vendor

•Finance (Head Office)

The procurement process starts from any of the outlet that requires supply.

Process Steps or Activities.

•They log on to the VMS platform and make their request.

•The request goes to the Warehouse Interface.

•The Warehouse Manager (WM) receives an email notification of the request.

•WM checks via his own interface if the item needed his available,

•if the item is available, he immediately approves the request and places the request status on “delivery”.

•The item is then delivered from the warehouse to the requesting outlet.

•If the item isn’t available in the warehouse, the warehouse manager via his VMS interface places the request on “transit delivery”

•Then transfers the request to the Procurement Interface.

•Upon receipt of the request, the procurement team refers the request to the Vendor Interface.

•Vendors (registered on VMS) get email notifications of the request.

•They log into their interface and send in quotes for the request.

•Quotes are received at the Procurement Interface.

•The quotes go through an automated bid process (still on VMS platform) where the winning bid is selected.

•The Winner (Vendor) is notified via email and is given a timeline to deliver.

•The Vendor goes to his interface and accepts the order terms and conditions.

•Once the Vendor delivers the order to the appointed warehouse.

•WM changes the order status to “Delivered to WH”.

•WM then updates the status on his interface to “Delivery”.

•In less than 48hrs, the requesting outlets receives the order and changes status on his interface to “fulfilled”.

The whole process in most cases is completed in 5 working days. The VMS operating tool is a complete process cycle. It has the three (3) components of a process cycle which are; inputs, transformation and output. While it is recognized that it’s a complete process in itself, VMS output is an input in the robust operating process cycle of Guinness Nigeria.

There are other integrations that must be been done to ensure that VMS operated effectively and efficiently. Other systems that are plugged into the VMS are as follows; Robotics Process Automation (RPA), Email Management

System (EMS) and Warehouse Management System (WMS). These tools are supported by APIs that enables collaboration to take place within the various tools. While each of these tools have their own solo applications, they are able to share needed information that supports each other's functionality.

RPA (Robotics Process Automation) is the application that does the vendor bidding process as well as the selection of the Winner.

EMS (Email Management System) is the application responsible for the email notifications that is being received by users when the order status changes or when exchanges happen between interfaces on the VMS.

WMS (Warehouse Management System) is the application responsible for electronic store keeping and recording of inward and outward deliveries from the warehouse.

For this study, VMS will be integrated with Robotics Process Automation (RPA) so as to bring about increase in productivity and enables the company to improve their investment activity.

We mentioned earlier that the VMS only manages the procurement process cycle of the company which in itself suggests that the company have other processes managing other departments of the business. T So much has already been discussed about VMS in section A of this assessment, however I will be explaining how the RPA functions and how it carries out exchanges with the other operating tools.

The Robotics Process Automation (RPA) integration that works with VMS will handles the vendor bid vetting and selection process. The RPA will be developed to work with certain metrics and measurements preinstalled in it. The RPA is an artificial intelligence tool that operates based on data preloaded in it. There are complex algorithms and machine learning capabilities that have been loaded in it to perform the task it does.

Due to human sentiments and subjectivities associated with bidding processes, the RPA appeared to be a perfect replacement for human intervention. As an affiliate system on VMS, the RPA bidding bot receives submission from the numerous vendors on any order placed on the VMS platform.

Based on order quality and pricing parameter set, the RPA does a first level screening to remove bidders that do not meet the bidding criteria probably due to years of relationship with Guinness Nigeria Plc. The bot picks out bidders that have over 3 years' experience with the company. The Bot then conducts another level of screening to remove bidders that submitted incomplete bid documents or quoted for an unknown item or good. The third level screening removes bidders that bided above a particular price threshold. The final screening is for selection of the winning bid. Here the RPA selects the bid that's closest to the price threshold (upper band). Once the winning bid is determined, the RPA sends in the selected vendor information to the VMS platform. The VMS platform then feeds the EMS platform which then notifies the vendor of the bid. The exchanges that take place within the VMS and the other tools indicates that a process output becomes input in other processes. All of these exchanges and swapping of input or output roles is directed at delivering value to the customer leading to increase in net sales and productivity at a lowee operating cost and resulted to an increase in basic earning per share and Net-worth of the company.

3.2 Economic Justification of the Use VMS in improving productivity and investment activities.

With the adoption of the VMS alongside RPA operating tools, the company's productivity and investment activitiesare enhanced in the following ways;

Efficiency – This is a measurement of the amount of input required to deliver an output. The RPA bot providesspeed, transparency and accuracy to the bidding process. Time and money are saved for the company becausephysical bidding process would require manually reviewing documents and having to call the vendors for another meeting to vet documentation. But with the e-bidding functionality that the RPA provides all of theseare removed. The RPA passed the metric.

Increased Production – The VMS has ensured that outlets get their supplies ahead of time. Production complexities arising from lack of raw materials are non-existent. The outlets have also been enabled to display at their counters a full range of meals and pastries to customers. Power problems associated with lack of diesel to power the generators are now resolved as deliveries are monitored with the help of technology - The company Fuel Control Systems (FCS). The system sends notification to the outlet management when the diesel level drops to a level.

Reduction of Waste – Before now the company has always struggled with the issue of wastage of resourcesacross the outlets. The adoption of VMS has helped to ensure that only what is needed are requested by the outlets. The VMS also allows the tracking of use by the outlets as it provides an audit trail of when an item was requested and when the next request was made. If any outlets is observed to be making excessive request within a short time, then the outlet should be called in for questioning.

Fast TAT (Turn Around Time) – The VMS has brought a fast TAT to the operating cycle of the business. The VMS has made procurement process very efficient with minimal physical contact amongst the partners in the process. This means that procurement is done two times better than before.

Cost Efficiency – VMS has delivered an efficient cost system to the company. Wastage has been cut to the barest minimum; production is on rise meaning with less time the company can produce so much more at itsoutlets.

Cost – From findings, the RPA cost about $10,000 to develop. The benefit outweighs the cost considering the value that it has brought into the company's procurement and distribution process.

Takt Time – The takt time is awesome with the RPA. Once the bidding process is closed on VMS, it takes less than 5 minutes for the bid results to be processed and sent back to the VMS. This has reduced the handshake time from 5 working days to less than 5 minutes.

Error Rate – Error rate with the RPA is usually zero. Except there's a network problem or the data storage is corrupted. The RPA runs a system maintenance daily by 12pm to remove or fix bugs.

3.3 Economic Calculation of the Measured Productivity and Investment Activities

3.3.1 Efficiency Rate

From the use of VMS, the efficiency that will be actualized goes this.

Efficiency = Output / Input x 100%

For 2018, = 142,975,792 / 129,589,544 = 110.3%

For 2019, = 131,498,373 / 122,532,337 = 107.3%

For 2020, = 142,876,280/ 103,390,920 = 138.2%

For 2021, = 150,102,892 / 110,201,910 = 136.2%

For 2022, = 166,620,430 / 116,708,560 = 142.77%

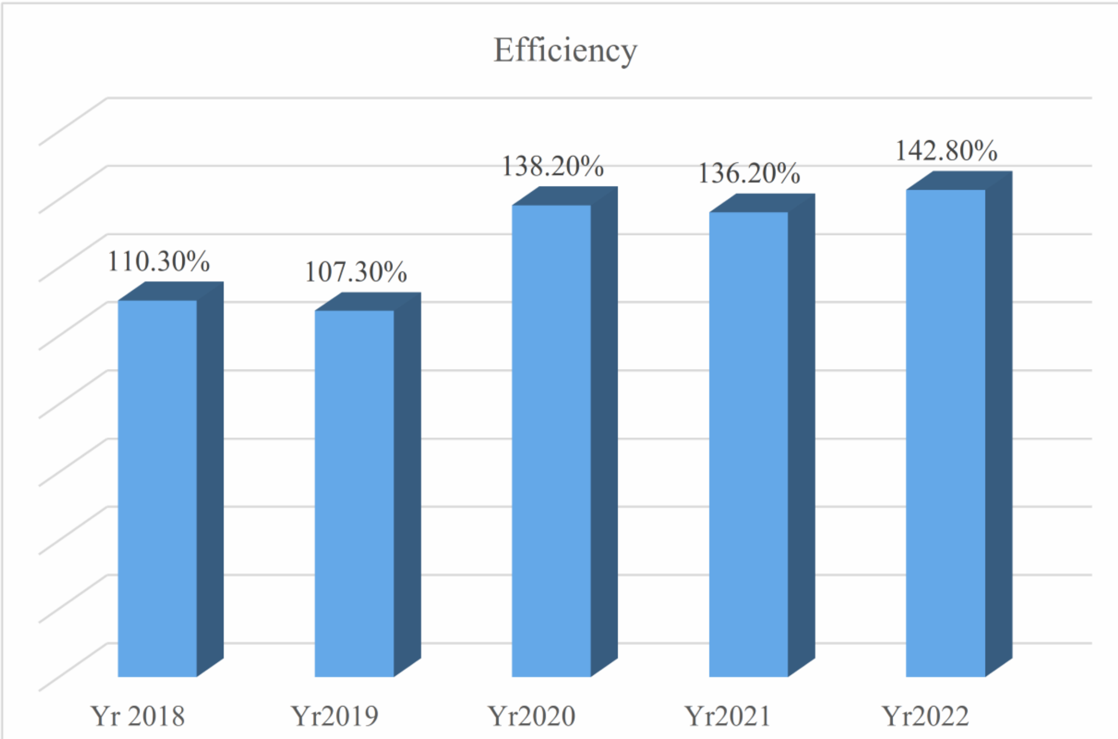

Figure 3.1: Forecasted efficiency rate of the company from using VMS
Source: Author's Computation

The use of Vendor Management System in improving the operations of the company will brought about reduction in input of the company used in achieving production in 2020, 2021 and 2022 despite the high rate of inflation in the country. The reduction in the input will increased the profitability of the company. Not only will the input increase, but there will be also an increase in the output due to faster and easy means of production. Guinness will able to conveniently produced more good and expand their market base. Figure 3.1 forecasted 142.8% increase in efficiency. The VMS will brought about increase in economic, market and operational efficiency of Guinness Plc. by 2022.

3.3.2 PRODUCTIVITY RATE

From the use of VMS, the productivity of Guinness will improved in the following ways:

Productivity = Revenue (Output) / Average No. of employees

For 2018, = 241,093,540 / (810/2) = ₦ 595,292.69

For 2019, = 233,920,902 / (830/2) = ₦ 563,664.82

For 2020, = 181,837,882 / (800/2) = ₦ 454,594.71

For 2021, = 293,721,650 / (820/2) = ₦ 716,394.27

For 2022, = 305,294,890 / (830/2) = ₦ 735,650.34

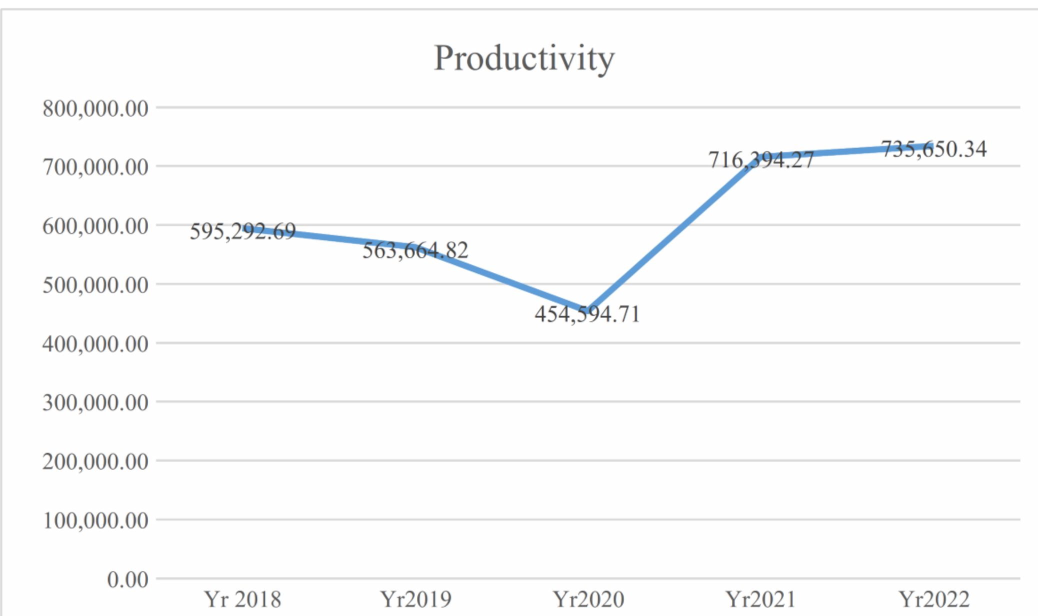

Figure 3.2: Forecasted productivity rate of the employees from using VMS (Source: Researcher' Computation)

The use of VMS will brought about increased in the productivity rate, the employees will able to work faster and achieved production at the best possible hour. The same number of hours used in producing per unit of product when not using VMS will brought about increase in production if adopt VMS. The VMS will make the employees more productive and result oriented. Figure 4.3 shows that productivity rate will increase drastically in 2022 and beyond if VMS is being employed.

3.3.3 RETURN ON INVESTMENT

From the use of VMS, the return of investment of Guinness Nigeria is forecasted thus:

ROI = Profit earned on Investment / cost of the investment x 100%

For installing VMS, at the initial stage, a huge amount will be needed, of which will yield its resulting income in the preceding years.

For 2019, = 340,289,927 / 797,392,940 = 42.68%

For 2020, = 520,482,395 / 797,392,940 = 65.27%

For 2021, = 590,209,320 / 797,392,940 = 74.02%

For 2022, = 730,023,302 / 797,392,940 = 91.55%

For 2023, = 830,294,045 / 797,392,940 = 104.13%

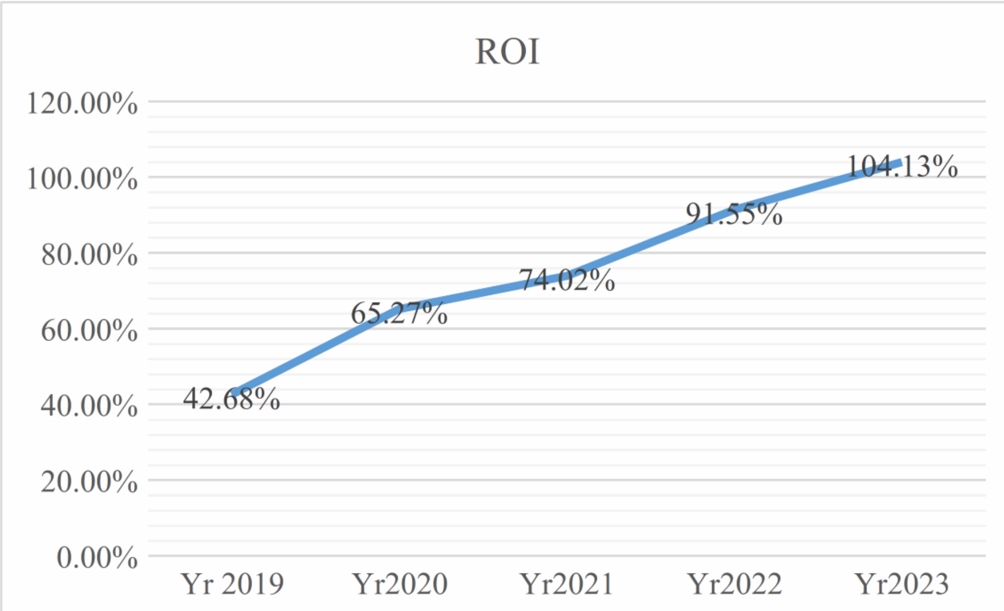

Figure 3.3: Forecasted ROI from using VMS Source: Author's Computation

The installation of VMS will brought about continuous increase in the investment of the Guiness from 2019 upward. Investors will be willing to invest due to drastic increase in their production and resulting yield that comes from the application of VMS in production. In 2023, the yield that will come from the use of VMS will have in 104% outweighed the cost incurred on installing the capital. Figure 3.3 shows that investing on VMS would continuous to gain more compare to its cost and the company will able to maintain the system from the gained realized. VMS will improved the performance and create more confidence in the stakeholders and shareholders to invest more into the business.

3.4 Influence of Proposed strategy on the company financial status

There's no perfect process whether it's manual or automated. There will always be need for every process to be reviewed and assessed to identify areas of improvements and adjustments. Today's 21st century comes with rapid changes in customer or consumer behaviors. Customers are the reason we are in business and the peculiarities that we observe triggers the business executives of any company to review their operations and position themselves as a customer centric organization. Every organization wants to adopt processes that are “AGILE”. Processes of an organization must be flexible enough to respond to changes as quick and fast as possible. This process will help the company cut costs relating to operating expenses and make their product widely distributed among local consumers within the country

Reduction in cost of operations and increase in net sales will all the financial statements of the company. This will leads to increase in nets sales, operating profits, net profits, return on equity and retained earning. This will further increase the competitive edge of Guiness Nigeria Pls with other alcoholic and non-alcoholic beverages in Nigeria.

Conclusions

It is hereby concluded that making the right investment decisions or carrying out what is known as capital budgeting has a great impact on the operations of a going concern. Capital budgeting must necessarily involve the measurement of profitability or payroll from such investment.

Investment policy includes setting of investment objectives regarding the investment return requirement and risk tolerance of the investor. The other constrains which investment policy should include and which could influence the investment management are any liquidity needs, projected investment horizon and preferences of the investor.

Investment environment can be defined as the existing investment vehicles in the market available for investor and the places for transactions with these investment vehicles. The most important characteristics of investment vehicles on which bases the overall variety of investment vehicles can be assorted are the return on investment and the risk which is defined as the uncertainty about the actual return that will be earned on an investment. Each type of investment vehicles could be characterized by certain level of profitability and risk because of the specifics of these financial instruments. The main types of financial investment vehicles are: short- term investment vehicles; fixed-income securities; common stock; speculative investment vehicles; other investment tools.

Most classifications belong to artificial classification and only the division of classifications into real and financial ones is as close as possible to the natural classification. Direct and portfolio investments are not the opposite. Direct investment is a special case of real investment, while portfolio investment is one of the methods of financial investment. But these two types of investments are not linked by any properties.it aims to make real investment projects in stipulated terms to ensure timely return on invested assets as net cash flow (firstof all – getting laid investment income).

Firstly making the right investment decisions or carrying out what is known as capital budgeting has a great impact on the operations of a going concern. Secondly capital budgeting must necessarily involve the measurement of profitability or payroll from such investment projects. Thirdly there must be adequate financing for such projects to survive. In a nutshell, the main objective of capital budgeting is to improve the performance of firms and profitability of operations.

Recommendations

1. The company should ensure they retained more earning in subsequent years compare to the previous years so as to have more money to re-invest and to finance the preceding year expenses.
2. Capital budgeting should be adopted so as to ascertain the measurement of profitability or payroll from all investments
3. There is a need for improvement in the Operations and Management Technology (OTM) strategy which will easily enhance increased productivity and attract more investors to the company.
4. Tools and techniques analysis should be widely used by organizations in operational processes and functions include strategic planning analysis, goal setting (vision and missions) analysis, PEST (political, economic, social, and technological environment) analysis.
5. The firm should promptly adopt the VMS alongside RPA operating tools so as to increase the company's productivity and investment activities

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