

NOTES TO BUDGET 2024

INCOME	Amount Ksh.
<i>Interest from Members Loans</i>	106,651,077
This is interest chargeable on members long term loans as the main income of the society at 1% and 1.1% per month on reducing balance . Year 2023 is projected to generate interest to the tune of Ksh. 85.3mm and 2024 will increase to Kshs. 106.6m when it is expected the loans uptake will have fully resumed after the slowed growth in the last 3 years post COVID - 19 period.	
<i>Interest from Instant Loans</i>	1,900,000
Interest on instant loans is charged at 1.125% per month on reducing balance. It is estimated that in the year 2023 instant loans will generate interest income of Ksh. 1.4m which will increase to Ksh. 1.9m in the year 2024.	
<i>Interest from School Fees Loans</i>	2,300,000
Year 2024 interest on school fees loans is expected to increase to 2.3m, a 28% increase from 2023.	
<i>Interest from Super School Fees Loans</i>	620,000
It is estimated that in the year 2024, super school fees loans interest will increase by 29% from Ksh 0.48m in the year 2023 to Kshs 0.62m.	
<i>Interest from Emergency Loans</i>	4,600,000
It is estimated that in the year 2024 interest on emergency loans will grow by 12% over the ksh 4.1m interest expected in 2023	
<i>Interest from Mobile (Mjisort) Loans</i>	1,900,000
This product had been put on hold owing to a number of challenges experienced including the increased risk of repayment default when Covid-19 but it is expected that in 2023, the product will generate 1.5m and with full year patronage, the mobile loan will generate 1.9m in year 2024.	
<i>Interest from Home Appliance</i>	2,100,000
It is estimated that in the year 2024, interest on home appliance loans will grow by 21% over the ksh1.73M interest expected in 2023.	
<i>Sundry Income</i>	300,000
This is generated from sale of By-law booklets, polo shirts, sweaters and umbrellas , membership rejoining fees, demand savings withdrawal fees and charges on dishonored cheques. With a change in recruitment strategy, the income in 2024 will increase to 300,000.	
<i>Interest on Dividend Advance</i>	150,000
Interest on dividend advance is charged at 5% of applied amount and it is expected to generate 150,000 in 2024.	
<i>Interest from Investments</i>	46,000,000
The society will continue investing surplus funds in short term investments like the money market, fixed term accounts & government securities. In 2023 it is projected that we will earn Kshs. 46m and a similar amount in year 2024.	
<i>Bridging & Consolidation Income</i>	3,600,000
Income from Bridging & consolidation of loans is projected to increase to Ksh3.6m in 2024 from Ksh.3.3m in 2023.	
<i>Interest on Salary Advance</i>	120,000
Interest on salary advance is charged at 3% & 5% for 1 and 2 months' repayment respectively . It is projected to increase to Ksh.120,000 in 2024 when members have more capacity to borrow.	
<i>Entrance Fee</i>	600,000
Entrance fee is charged at Ksh.1,000.00. This is projected to increase from shs. 534,000 in 2023 to Ksh 600,000 in 2024 as recruitment drives are carried out per the strategic plan.	
FOSA INCOME	2,816,250
In line with the Sacco's strategic plan, the Board undertook a FOSA feasibility study. Based on results from the study, and with AGM approval it is projected that the FOSA will become operational in 2024 and earn the sacco 2.8m.	
<i>Rental Income</i>	996,600
The rental office is expected to generate Kshs.996,600 at a rate of 73.50 per square foot in 2023 per agreement and similar amount in 2024	
<i>Call Account interest</i>	380,000
This is interest earned from bank account that holds any amounts in excess of 5m from the current account at the prevailing rate to ensure bare minimum amounts are left in current account which does not earn any interest.	
TOTAL REVENUE	175,033,927

EXPENSES

Salaries to Permanent Staff	12,011,069
Salaries paid to permanent staff in 2023 are expected to increase in 2023 by average 12% after a salary cut implemented in 2020 and 2021 and without any increments since 2019. A provision of 5% increase is made for 2024.	
Casual & Contracted Labour	100,000
Casual labour is provided at Ksh.100,000 in 2023 to cover for need that may arise. The same amount is maintained in 2024.	
Staff Housing Allowance	2,292,852
This is housing allowance for permanent staff. It is estimated to increase by average 12% in 2023 while 2024 increases by 5%.	
Staff Medical Expenses	1,517,609
The society insures the permanent staff for an inpatient medical cover with a medical insurance service provider and directly re-reimburses outpatient expenses per limits set out in the sacco policy.	
N.S.S.F, Pension & Long Service Awards	1,266,259
The Society contributes towards the National Social Security Fund and towards a provident fund at 7.5% on basic salary. The account also includes provision for long service awards. 2023 increase takes care of implementation of the 2013 NSSF Act 2013 and a 3% increase in 2024.	
Staff Travel and Leave Expenses	834,385
This caters for staff travel expenses while on society duties and 15% of one month's basic salary annual leave travel allowances. Year 2024 costs will increase to ksh 834,385 from ksh 772,578 in 2023.	
Staff Token	991,916
It caters for staff end of year token which is based on one month's basic salary.	
Staff Insurances	503,959
Staff insurances as per the labour laws and employment act are provided. This includes WIBA, GPA and Employee Group Life. A 5% increase in 2024 from the projected figure for 2023 has been provided for.	
Staff Education & Training	567,000
It caters for staff seminars and training cost on tuition of job-related courses for the Society's staff.	
Staff Leave	100,000
This is a provision for any accumulated leave days not utilised by the end of the year. The accounting standards require that staff liabilities due are provided for. The assumption is that staff will have less than a quarter of their leave days due by end of the year.	
Committee Sitting Allowances	1,331,610
This caters for allowances payable to Committee members during meetings to discuss society matters. It is expected the number of meetings will be higher with increased business activities. An increase of 5% is projected in 2024.	
Committee Traveling Expenses	1,222,835
To cater for transport allowances for committee members while attending society meetings and other functions. In 2024 it is projected to increase by 5% over 2023 amount.	
Committee Seminars	1,012,000
This is provided for to enable the committee members attend co-operative training programs, NITA fees, committee workshops, policies and strategic plan reviews. There will also be board induction training besides the normal workshops. The budget for 2024 will reduce by 27% after board performance reviews are done in 2023.	

Other Committee Expenses

To cater for other committee expenses such as refreshments during meetings and business entertainment allowances covering for expenses board members incur when they entertain guests on behalf of the Sacco if they meet outside the Sacco offices. An increase of 5% is budgeted in 2024.

650,919**Annual General Meeting**

To meet the AGM expenses such as hire of venue, food, drinks and to facilitate attendances for unit representatives based out of Nairobi. 2024 is estimated to increase by 5% on 2023.

2,532,390**Education to members**

To cater for expenses during members education days per the Education Committee's plan

4,063,185**Units Representatives Allowances & Training**

Employer companies representatives are paid a quarterly reimbursement for inconveniences as they coordinate between members and the office. Provision is made based on total number of reps who are paid after filling self evaluation forms for performance assessment. It also covers their training. An increase of 8% has been provided for in 2024 in anticipation of increased number of employer units.

1,972,836**Board Members' Retirement Token**

This is a provision for token of appreciation to board and supervisory committee members upon retirement as per the sacco policy.

264,000**Assets Insurance**

This covers Insurance for the Society assets, the budget increases by 8% in 2024 due to additional assets to be bought per the capital expenditure budget.

265,895**Depreciation & Amortization**

This is a provision for wear and tear of office furniture, Computers, other office equipments, motor cycle and building as per the assets depreciation schedule. Amortization of software is also included here.

2,736,893**Repairs and Maintenance**

For repairing of office fittings, equipment and machines, contracting for office cleaning services, security system, anti virus, electricity bills & ACs maintenance. 2024 will increase by 5% from 2023.

1,576,152**Legal & Consultancy Fees**

For hiring legal, consultancy, and debt collection experts where the society may experience situations which require these experts.

120,000**Audit (External, Internal & system)**

To pay for the annual fees for the external and internal audit services in compliance with regulations. It also includes cost of systems software audit.

1,134,000**Supervision Fee, Licence Renewal & Regulatory Levies**

To pay for Sacco Societies Regulatory Authority (SASRA) annual levy at 0.10% on deposits effective 2023, licence renewal fee and any other government agencies supervision fee.

931,451**Printing and Stationery**

To cater for printing & stationery for the day to day use in the office. With projected increase in activities, 10% increase is projected in 2024.

616,000**Postage and Telephone**

To pay for postage, courier services, internet access and telephone bills including telephone expenses reimbursement to board and supervisory committee members at a rate of Khs.1,600 per month

856,380**Public Relations and Advertisement**

This includes CSR expenses, subscription to apex bodies, Co-operative movement celebrations, cost of producing Sacco magazine, employer cocktail, industry events sponsorships, engagement of PR firms as may be required in implementation of strategic plan activities as well as advertisement costs. An increase of 5% in 2024 has been provided for.

2,517,900

Marketing	1,399,125
This covers marketing officer's expenses of putting up customer care desks at various employer companies. It also includes provision for a contractee to help with membership recruitment.	
Service Charge	
This will cater for service charge for the Sacco office which is currently at ksh.15.00 per sq ft per month.	372,900
Other Office Expenses	968,711
This is to provide for office tea, drinking water, toiletry, newspapers, end year party, and any other staff related expenses not provided for above. It also includes single business permit costs payable to the county government.	
Software Maintenance Expenses	1,124,550
This is to take care of software maintenance costs including newly procured mobile money system with an increase of 12% in 2024	
Motorcycle Repairs & Maintenance	43,500
The Sacco owns a motorcyle. The amount in the budget covers fuel & maintenance with a 12% increase in 2024.	
FOSA ESTABLISHMENT	6,031,748
These are cost to be incurred in starting FOSA guided by the feasibility study reports. It includes staffing, office rental, security, finance & admin expenses in 2024.	
Bank Charges	250,000
Bank charges arising out of bank account transaction fees, cheque books, service fees etc. An increase of 11% on 2023 has been projected to take care of increased bank transactions	
Interest on Jipange Savings.	450,000
This is interest paid to members Jipange (previously Demand) savings accounts at 6% p.a. We project a 29% increase in 2024 owing to expected increase in number of members patronizing this service.	
Investment Costs	580,000
These are cost incurred in meeting fund managers' fees. Year 2024 amount is projected to increase by 5% owing increased level of transactions expected in the year.	
Loss on doubtful loans	8,000,000
This is to be in compliance with IFRS 9 on general provision for loans loss.	
Total Expenditure	63,210,029
Total Surplus	111,823,897
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