

NOTES TO BUDGET 2021

INCOME	Amount Ksh.
<p><i>Interest from Members Loans</i> 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 2020 is projected to generate interest to the tune of Ksh. 95m and 2021 will increase at 5% to Kshs. 100m.</p>	100,000,000
<p><i>Interest from Instant Loans</i> Interest on instant loans is charged at 1.125% per month on reducing balance. It is estimated that in the year 2020 instant loans will generate interest income of Ksh. 2.6m which will increase to Ksh. 2.8m in the year 2021.</p>	2,800,000
<p><i>Interest from School Fees Loans</i> Year 2021 interest on school fees loans is expected to increase to 1.95m, an 8% increase from 2020.</p>	1,950,000
<p><i>Interest from Super School Fees Loans</i> It is estimated that in the year 2021, super school fees loans interest will increase by 8% from Ksh. 1.45m in the year 2020 to Kshs. 1.56m.</p>	1,566,000
<p><i>Interest from Emergency Loans</i> It is estimated that in the year 2021 interest on emergency loans will grow by 11% over the ksh 6.5 interest expected in 2020.</p>	7,200,000
<p><i>Interest from Mobile (Mjisor) loans</i> Despite challenges experienced in the last quarter of 2019 with the mobile loan service provider, the loan generated 1.4m in 2019. It is projected to generate 1.9m in 2021 which is 27% increase over 2020</p>	1,900,000
<p><i>Interest from Home Appliance</i> It is estimated that in the year 2021, interest on home appliance loans will grow by 5% over the ksh1.9M interest expected in 2020.</p>	2,000,000
<p><i>Sundry Income</i> 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. The income in 2021 will increase by 3% from 2020.</p>	385,000
<p><i>Interest on Dividend Advance</i> interest on dividend advance is charged at 5% of applied amount.</p>	120,000
<p><i>Interest from Investments</i> The society will continue investing surplus funds in short term investments like the money market. In 2020 it is projected that we will earn Kshs. 35m while the growth will increase to Ksh. 36.7m in the year 2021 This is because loan demand is expected to decrease owing to closure of a few employer units thereby increasing the surplus available for investments</p>	36,750,000
<p><i>Bridging Income</i> Bridging of loans continues to be popular and it is projected that in 2021 the income will increase by 3% from the 2020 amount of 2.9m.</p>	3,000,000
<p><i>Interest on Salary Advance</i> Interest on salary advance is charged at 3%. It is projected to increase by 5% in 2021 from Ksh. 95,000 in 2020.</p>	100,000
<p><i>Entrance Fee</i> Entrance fee is charged at shs 1000.00. This is projected to increase from shs. 600,000 to shs.650,000.00 in 2021 with aggressive marketing.</p>	650,000
<p><i>Rental Income</i> It is projected that the rental office will be let at about shs 79.62 per square foot in 2020 generating a total kshs.1,079,705.00 and increase to kshs.1,187,687.00 in 2021 per lease agreement.</p>	1,187,687
<p><i>Call Account interest</i> 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 bear minimum amounts are left in current account which does not earn any interest.</p>	560,000
TOTAL REVENUE	160,168,687

EXPENSES

Salaries to Permanent Staff	11,191,967
Salaries paid to permanent staff are estimated to increase by 8% in the year 2021 based on increase in cost of living and inflation rate.	
Casual & Contracted Labour	200,000
Casual labour is projected to drop by 20% in 2021 as implementation of the management information system is almost complete.	
Staff Housing Allowance	2,147,890
This is housing allowance for permanent staff. It is estimated to increase by 8% in 2021	
Staff Medical Expenses	1,497,569
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	1,066,013
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. It is estimated 2021 costs will increase by 7% from the amount projected in 2020.	
Staff Travel and Leave Expenses	876,196
This caters for staff travel expenses while on society duties and 15% of one month's basic salary annual leave travel allowances. Year 2021 costs will increase by 5% on ksh 834,472 for 2020.	
Staff Bonuses	932,664
It caters for staff end of year bonuses which is based on one month's basic salary. It is expected that 2021 will increase by 8% on year 2020.	
Staff Insurances	382,123
Staff insurances as per the labour laws and employment act are provided. This includes WIBA, GPA and Employee Group Life. An 8% increase in 2021 from the projected figure for 2020 has been provided for.	
Staff Education & Training	280,000
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 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	1,738,836
This caters for Allowances payable to Committee members during meetings to discuss society matters. An increase of 5% is projected in 2021.	
Committee Traveling Expenses	1,526,411
To cater for transport allowances for committee members while attending society meetings and other functions. In 2021 it is projected to increase by 5% over 2019 amount.	
Committee Seminars	450,000
This is provided for to enable the committee members attend co-operative training programs, committee workshops, policies and strategic plan reviews. The current strategic plan is due for review in 2020. The budget for 2021 will reduce by 65% after the strategic plan review in 2020.	
Other Committee Expenses	535,600
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 3% is budgeted in 2021.	
Annual General Meeting	2,733,426
To meet the AGM expenses such as hire of venue, food, drinks and allowances for unit representatives. 2021 cost is estimated to increase by 8% from the 2020 amount.	
Education to members	3,469,457
To cater for expenses during members education days per Education Committee plan	

Units Representatives Allowances & Training	2,221,747
Employer companies representatives are paid a quartely allowance for inconveniences as they coordinate between members and the office. It also covers their training. An increase of 9% has been provided for in 2021. Provision is made based on total number of reps who are paid after filling self evaluation forms for performance assessment.	
Board Members' Retirement Token	80,000
This is a token to board members who have served for three years and more, as per the sacco policy.	
Assets Insurance	259,649
This covers Insurance for the Society assets, the budget increases by 9% in 2021 due to additional assets to be bought per the capital expediture budget.	
Depreciation	2,910,222
This is a provision for wear and tear of office furniture, machines and equipment and building as per the assets depreciation schedule. Amortization of software is also included here.	
Repairs and Maintenance	1,767,471
For repairing of office fittings, equipment and machines, contracting for office cleaning services, security system, anti virus, electricity bills, CCTV & ACs maintenance.	
Legal & Consultancy Fees	275,000
For hiring legal, consultancy, and debt collection experts where the society may experience situations which require these experts.	
Audit and Supervision	201,180
To pay for the annual fees for the external auditors and government agencies supervision which has been estimated at 5 % increase on 2020 amount.	
Printing and Stationery	581,724
To cater for printing & stationery for the day to day use in the office. With projected increase in membership, 5% increase is projected in 2021.	
Postage and Telephone	699,724
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	
Public Relations and Advertisement	1,268,450
This includes CSR expenses, subscription to apex bodies, Co-operative movement celebrations, cost of producing Sacco magazine, employer cocktail and advertisement costs. An increase of 7% in 2021 has been provided for.	
Marketing	270,000
This covers marketing officer's expenses of putting up customer care desks at various employer companies and visiting potential companies for member recruitment.	
Service Charge	427,140
This will cater for service charge for the Sacco office which is currently at ksh.15.00 per sq ft per month. A 5% increase is projected for 2021.	
Other Office Expenses	757,520
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 goverment.	
Software Maintenance Expenses	876,393
This is to take care of software maintenance costs.	
Motorcycle Repairs & Maintenance	43,000
The Sacco owns a motorcycle. The amount in the budget covers fuel & maintenance with a 5% increase in 2021.	
Bank Charges	285,000
Bank charges arising out of bank account transaction fees, cheque books, service fees etc. An increase of 6% on 2020 has been projected to take care of increased bank transactions.	

Interest on Demand Savings.	560,000
This is interest paid to members demand savings accounts at 6% p.a. We project a 6% increase in 2021 owing to continued increase in number of members patronizing this service.	
Investment Costs	173,000
These are cost incurred in meeting fund managers management fees. Year 2021 amount is projected to increase by 5%.	
Loss on doubtful loans	2,400,000
This is to be in compliance with IFRS 9 on general provision for bad debts.	
CHASE BANK DEPOSITS WRITE-OFF	871,032
Write off is provided in three equal instalments with 2021 being the last instalment	
Total Expenditure	46,056,405
Total Surplus	114,112,282