



PHAPHAMANI SACCO

PROPOSED BUDGET

NOTES 2026

ASSUMPTIONS

Budget 2026 has taken into consideration the below assumptions

1. Membership status; current and future plus expected contributions.
2. Loan demand and Delinquencies
3. Strategic Plan
4. Legislation
5. Global Economic Status, Local indicators

The following are local indicators;

- i. Prime rate 10.25%
 - ii. Inflation rate 3.3%
 - iii. Bank rate 6.75%
 - iv. Treasury bills 9.27% p.a
 - v. Government bonds 10.5 -12% p.a
6. SACCO's Liquidity status
 7. Members education, workshops and General meetings
 8. National SACCO's activities; SACCO Indaba, workshops and COOP Day
 9. Regulatory Compliance
 10. Embracement of Technology
 12. SACCO's image and visibility.

A. INCOME

1 INTEREST ON LOANS

Interest on all loans are informed by the actuals and projections of joining fees, which entails that new members will have the potential to patronize the products of the society.

1.1 Interest on emergency loan –reduction of 20% from the previous budget and considering the performance in the past year. An interest of 3% per balance.

1.2 Interest on Mashasha loan- these are instant loans payable on pay day with an interest of 8% amount from E200.00 to E2, 000.00. This is a new product formed to assist members to meet their daily expenses while waiting for payday. An increase of 9% from previous budget in considerate of the new members who will be eligible to borrow this product.

1.3 Interest on Ordinary loan1- anticipate an increase of 10% in the coming fiscal year, members who have joined in the previous two years will now be eligible to utilize this product.

1.4 Interest on Ordinary Loan2- loans above E50, 000.00 to E300,000.00 @2% based on 3times savings. Proposed amount is 38% of total income.

1.5 Interest on School loan- increase by 33% from last year budget, informed by the previous projected actuals as at July 2025, plus the newly joined members will be more qualifying next year for this product type. Interest on loan is 2.7%

1.6 Interest on Short loan- it is estimated to decline by 15%, taken from its past performance. The interest rate 6% per balance.

1.7 Interest on Special loan- there is an increase of 121% based on the projected actuals as of July 2025. Members has shown a great appetite for this loan type, previous budget was E136, 157.65 yet income recovered is E138, 550.44 patronage of 7months.

1.8 Interest on Ubuntu Loan- there is a decline from the previous budget figure due to its performance in the previous year. Anticipated a contribution of 28% on the total income.

1.9 Interest on Staff loan- reduced by 38% there is less appetite for this product on our employees.

Total expected income from core business is E2, 986, 703.13 indicating an increase of 78% from the past year budget.

2. OTHER INCOME

2.1 Bank interest earned- increased by 18% from previous figure, considerate of previous performance.

2.2 Investment income- we anticipate a decline or cash outflow on the investments to boost loans book, therefore have decided to maintain the previous year amount.

2.3 Joining Fees- joining fee per member is E 300.00 calculated on an anticipated 60 members to be recruited in the financial year; 13% decrease from previous budget. Comparing actuals with current budget there is an increase of 18%. Education committee given a mediate to recruit 70 members in the year 2026.

2.4 Holding withdrawal fee- a charge on savings withdrawals and resignation. An increase of 5% from 6% previous budget.

2.5 Penalties- this is money collected from members who fail to honor their monthly loan instalments and for not attending general meetings.

2.6 Loan processing fee- loan application fees, there is an increase of 20% from the previous budget; members' appetite for loans is increasing. Calculated based on the sum of projected loans to be issued refer to the below table.

2.7 Promotional Items Income- maintain the previous budget, the actuals are below the budgeted amount because merchandise was not replenished on time.

2.8 Subscriptions- an amount of E200.00 per member payable on the first month fiscal year, which is August. Subscription amount is reviewed based on 343 active members.

2.9 Loan Recovered- income received from loans written off, last budget figure is maintained because the agreement with the consultant was finalized in January 2025 giving the company 5 working months which yields a positive results.

3. Income from proceed- list of items to be auctioned; 2 desktop, 2 monitors, 2 filling cabinet, 1 laptop. The amount E 13,693.00 shows exactly the previous year projection. Items will be sold the coming AGM in November 2025.

B. EXPENSES

4. ADMINISTRATION

4.1 Advertisement-

Graphic design	Hospitality	flyers	website loads	sponsoring posts	tourist train packs	influencers	Total
19,656.00	10,000.00	7,112.00	3,000.00	2,800.00	8,000.00	8,500.00	59,068.00

Hospitality –cost catered when meeting the stakeholders or companies from which we withdraw members from and engagement of potential companies where we can withdraw members.

Sponsoring post- increase mileage on the social platforms or internet networks.

Influencers- for the tik-tok account.

Tourist train packs-a provision to market the SACCO on this event and incentivize joined members. It will also cover meals for the marketing team.

4.2 Audit fee- the society will scout new audit firm the proposed figure is based on the last figure then there is an upward adjustment of 16%

4.3 Cooperative Day-cost for catering members who will attend Cooperative Day for the coming year increased by 12%. This event is attended by the Board, officers and selected general members.

4.4 Corporate Social Investment- the SACCO donates school shoes, socks, school bags and sanitary pads to the less privileged kids. Provision of E16, 879.10 the actuals include cost for visiting a member who was suffering from optical cancer. Schools who have benefitted; kaMkhweli primary school close to Railway station and Manyeveni primary school. 40 pupil benefitted.

4.5 Depreciation and Amortization Expense- calculated as follows (computers @33.3%, intangibles @10%, furniture and equipment @10% per annum). Increase of 7% is informed by additions on the capex budget.

4.6 ESCCOM-actuals reflect cost of license renewal from the Regulator and as we anticipate an increase in turnover this also relates to an increase of the invoice.

4.7 FSRA- levies paid to the regulator calculated based on surplus, our budget shows an increase on the surplus which means the compliance invoice will increase. Previous budget was based on savings total, then it was concluded that SACCO's be billed on the surplus.

4.8 Incentives- a recruiter is incentivized with E50.00 per member, money (promotional gifts) spent on our invited guests during Annual General Meetings and payroll clerks of companies where we draw members.

4.9 Insurance- cost to cover the SACCO's fixed assets, increase caused by capital budget items.

4.10 Office Expenses- amount break down;

Cleaning	Ms office Keys	Internet securities	Digital Signatures	Encryption	Total
12,500.00	10,000.00	4,000.00	1,500.00	3,763.00	31,763.00

4.11 Office Rental- a provision in case, office rentals are effected a 10% increase on previous budget. Projection also includes utilities.

4.12 Postage & Telephone -telephone and internet bills increased by 9% to cater for mobile internet for officers while working away from office.

4.13 Phaphamani Day- day where we will have members opinion of how to revive the society at casual meeting having fun together as a Phaphamani family inclusive of future savers. Cost are reduced by 1% from previous figure.

play stations	meals	sound system	DJ	deco	tent and chairs	Incentives	Total
10,000.00	50,300.00	10,000.00	1,500.00	3,500.00	5,000.00	6,000.00	86,300.00

4.14 SACCO Policy- actuals is an amount incurred when formulating performance tool, adjusting procurement policy and amending BY-LAWS. Current budget is for policies that need to be in place:

data protection	risk managemnet	aml/cft	disputes	IT policy	membership policy	training policy	Total
19,734.00	25,000.00	15,000.00	10,000.00	16,700.00	13,700.00	13,500.00	113,634.00

4.15 Management and License fees -. Anticipate an increase of 17%. Current SLAs (service level agreement) are; Lobola who renders telephone service, website host, salary review consultant, MTN USSD service and Coinsys an acquired accounting system that comes with a self-service module, for members to access loans anytime and day.

4.16 SACCO Indaba – a provision of E25, 000.00 for board members to attend this meeting where issues that affect the sector are discussed at length.

4.17 Stationery – decreased by 15% from actuals, due to the migration to the new system, that reduce paper work.

4.18 Strategic Planning- tool is still within implementation timeframe.

5. FINANCIAL COST

5.1 Bad Debt- Provision for loans which have a high likelihood of being unrecovered, maintained previous budget figure because we encourage members to pay their loans.

5.2 Bank Charges-provision to accommodate fluctuating rates by 0.35% increase on the projected actuals at year end 2025. We in process to use UNAYO mobile platform and EWALLET for members to get an instant service.

5.3 Debt Collection charges- an amount to be paid to the debt collector, a positive result has been achieved by the collector in a space of 4 months giving us high possibility to increase the defaulted amounts. Consultant charges 10% of amount received.

5.4 Interest on Fixed deposits- anticipate investment from retirees to get a return of 9% annually.

5.5 Interest on Future Savings-proposal of 9%yearly and interest is cumulative based on actuals, increase of 343%. Previously was under budgeted and a lot of future members recruited, their numbers increase drastically.

5.6 Interest on Go-Easy Savings- maintained last year figure calculated on 5% yearly.

- 5.7 **Interest on Ordinary Savings-** proposal of 6% increase of current actuals.
- 5.8 **Interest on Phumelela Savings-** proposal of 5%
- 5.9 **Interest on School Savings-**proposal of 3% annually.
- 5.10 **Interest on Seasonal Savings-** proposal of 3% annually.
- 5.11 **Interest on Shares-** 5% annually.
- 5.12 **Interest on Special Savings-**annually interest at 3%
- 5.13 **Interest on board savings-** willing board members re-invest their sitting allowances. Projection reduced from last year budget by 58%.
- 5.14 **Interest on Sikhula Nabo savings-** interest of 2.5%.
- 5.15 **Interest on Christmas Savings-** a product to encourage junior members to save monthly from their lunch monies, interest proposal of 2.5%.
- 5.16 **Provision for Bad debts-** maintain previous figure, anticipate a decline on defaulted loans because the debt collector is engaged when a loan misses 2 instalments it's transferred to debt collector to minimize these cost.

6. GOVERNANCE

- 6.1 **Board orientation-** no activity on this fiscal year.
- 6.2 **Central Cooperative Fund-**is a balance sheet item.
- 6.3 **Committee Expenses & Allowances** – increased by 0.52% from last year budget amount. There will be meeting to discuss the policies to be formulated.
- 6.4 **Board Education** – provision to attend training local and international.

national	congress	Block	Chair and Ceo	ADE	TOTAL
30,000.00	165,000.00	0	69,000.00	0	264,000.00

- 6.5 **Annual General Meeting (AGM)-** cost for last AGM has been the base for the proposal amount. Considering increase of bus fares and food.
- 6.6 **Special General Meeting (SGM)** – actual will be amount to be spent on the coming SGM for budget approval and increment has been projected for the coming year where will also have an ordinary special meeting to discuss the amended BY-LAWS.

6.7 Honorarium – payable on performance of the society. Maintain the approved amount by General members in the previous year meeting of E5, 992.00 per member.

6.8 Member Education - cost for Education Committee when sensitizing membership about Sacco's products, mission statement and values. Proposal is based on the Educational Committee work plan of training and recruitment.

6.9 SASCCO Dues and Subscriptions-dues of E79.00 per member, amount payable to the Apex where we affiliating plus subscription of E500.00

6.10 Transport Allowances- proposal of 4.50/KM irrespective of car capacity.

7. PERSONNEL

7.1 Salaries –An increase of E39, 510.36 from previous year at a percentage of 4% COLA proposal and 2% to cover report of the salary review exercise.

7.2 Gratuity- Allocation of 25% of basic pay for payment of Managerial service rendered at the end of the contract.

7.3 Education & Training-For capacitating our staff with all the necessary skills to perform efficiently and effectively. No training invite that does not include the presence of the office.

Congress	Block meeting	Chair and Ceo	National	Financial coaching	Total
81,000.00	42,800.00	73,060.00	20,000.00	54,000.00	270,860.00

7.4 Staff Accommodation-to cater for annual escalation of 10% from Eswatini Railways who provides this service to our staff members. The figure includes rent and utility bills. An increase of 3%

7.5 Medical Aid- Employer contributes 50%, this has been done so that our human resource gets the best medical care for best productivity.

7.6 Pension Employer's Contribution- the employer contributes 14% of basic salary.

7.7 SNPF Employers Contribution-Employer contributes 50% towards staff provident fund.

7.8 Staff Uniform- proposal of E22, 000.00 to cater all cost related to uniform.

7.8 Workmen's Compensation- is calculated based on 0.98% of annual salary and 0.02% of Government stamp.

TREASURER _____ **DATE** _____

CHAIRPERSON _____ **DATE** _____

SECRETARY _____ **DATE** _____