



# POLICY ON BUDGETS & EXPENDITURE

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**TO:** All Directors & Staff

**SUBJECT:** POLICY ON BUDGETS & EXPENDITURE

**Date:** 29/11/2019 and updated May 2022.

**Purpose:** As A Guide for all Company's Expenditure & Others.

**Duration:** Five (5) Years Term.

Dear Esteemed Executive Team,

Sequel to earlier mail, please find below details for the breakdown of proposed company's (Ohmes Global Concepts Ltd) Budget/Expenditure Structures:

**(A) Deductions on overall funds:**

**(1) Business Capital:** - This comprises of the underlisted items:

- \* Shareholders Funds per share capital
- \* Banks Credits (Bank Guarantee - 'B.G', Confirmed Letter of Credits - 'LC', Irrevocable Standing Payment Order -ISPO, Banks Overdraft 'OD', Advance Payment Guarantee 'APG', Credit Line, Term Loans and Cash Loans).
- \* Investors Funds (Nominal Directors / Investors - Not shareholders)
- \* Other People's Money 'OPM' (i. e. through credit supplies by OEMs/ Partners)

**(2) Provision for Liabilities:** - This is at 25% on Gross Profits.

Note:

- \* Liabilities include: Repayments on property, Loans, Credits, debts, Pool cars/working tools purchases, etc.
- \* Where the company does not have any liability, such budgeted funds to be added or transferred to 'Business Capital' in order to increase profits generation and, for business expansion.

**(3) CAPEX (Capital Expenses) Budget:** - This is at 25% on gross profits. Capital Expenses include:

- \* CAPEX Savings
- \* Office Furniture
- \* Office working tools (i.e. Pool Cars, official cars, Delivery vans, Trucks, Computer tablets, computer laptops, smartphones, software, printers, stationary, copiers, etc.).
- \* Promotional activities (i. e. Prudent Box, PIPO/OHMES events, adverts, radio/TV jingoes, road shows, shop branding, showrooms, etc).

- \* Advance salary for both staff & directors
- \* Soft loans to staff and directors (in needs)
- \* Property/Asset finance loans to staff and directors
- \* Some special purchases for the company/branch offices.

**(4) OPEX (Operating Expenses) Budget:** - This is at 20% on gross profits.

Operating Expenses include:

- \* Salaries for both staff and directors
- \* Allowances to Non-Executive Directors
- \* Rents for Liaison Office, Branches and Showrooms
- \* Fuel for pool cars and official cars
- \* Diesel for logistics vans, trucks & generators
- \* Company's running costs and running of showrooms/branches
- \* Recharge cards/ CUG rentals
- \* Field calls/ transport allowances
- \* Local travels & Int'l travels (official)
- \* Internet Data Subscription (official)
- \* Corporate Social Responsibility 'CSR'
- \* Group Life Insurance Policy
- \* Health Insurance Policy (HMO)
- \* Legal Charges/Payments to Ojaomo & Ojaomo (Retainership)
- \* Miscellaneous expenses (Biz Consultants, Courier Charges, etc.)

**(5) Sales Commissions Budget:** - This is at 20% on gross profits. Sales

Commissions Budget includes:

- \* Sales Commissions to sales staff or any staff/directors/ persons that either referred/ participated in bringing- in profitable sales transactions to the company, and payments are received within the agreed/stipulated time frame.
  
- \* Commission to 'Contracted Truck Operators/Drivers & Others'
- \* Service Providers (Sales Dept. /others)
- \* Business Referrals

Note: Commission shall only be paid if all agreed terms are adhered to.

**(B) Deductions/Payments** after 'A' components of the budget and expenditure have been removed. This 'B' components refer to payments based on the 'NET Profits' (10%). These include:

- \* Corporate Tithes @ 10% on the 'NET Profits'
- \* Company's Income TAX @ 30% on the 'NET Profits'
- \* Profits Share for Shareholders/ Investors @ 30% on the ' NET

Profits'

- \* Savings for any form of litigations and legal matters @ 2%
- \* Legal Commission Payments to all servicing legal chambers such as: Ziongates Chambers, Ojaomo and Ojaomo & Co, etc. @ 3%
- \* Special Savings for the future @ 25% on the 'NET Profits'

All, kindly make any inputs where necessary.

Thanks for your cooperation, even as we look forward to receiving all inputs and comments ASAP.

Regards,

For: Ohmes Group

*Signed;* Management



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