



**SADC VSAT
BUDGET PROPOSAL
FOR THE PERIOD
ENDING 31 MARCH 2022**



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1. INTRODUCTION

This report outlines the proposed budget for the period ending 31 March 2022.

2. DETAILED ANALYSIS

Table 1: Statement of Financial Performance

Description	Proposal 2022	2021			2020
	Budget	Actual	Variance	Variance	Actual
	\$	\$	\$	%	\$
Revenue					
VSAT II Revenue	1 188 304	1 091 451	96 852	8.9%	3 497 953
Other Revenue	0	3 820	-3 820	-100.0%	14 212
Total Revenue	1 188 304	1 095 271	93 033	8.5%	3 512 165
Salaries & Related Costs	400 406	383 093	-17 313	-4.5%	467 369
Traveling Expenses	17 479	672	-16 807	-2 500.7%	31 900
Telecommunications Expenses	236 565	230 676	-5 889	-2.6%	231 612
Bad Debts Expenses	4 859	63 880	59 021	92.4%	272 224
Bank Charges	163	339	176	51.9%	247
Commission Paid	29 540	14 579	-14 961	-102.6%	46 931
Electronic Maintenance	8 621	335	-8 286	-2 476.3%	40 771
Indirect Costs	217 598	499 784	282 186	56.5%	504 377
ATNS Management Fees	29 776	179 783	150 007	83.4%	535 872
IATA Management Fees	40 000	40 000	-0	-0.0%	40 000
Network Management Costs	30 774	0	-30 774	-100.0%	680 008
Professional Fees	0	2 909	2 909	100.0%	3 328
Contract Services	437	0	-437	-100.0%	0
Operational Expenses	1 016 218	1 416 050	399 832	28.2%	2 854 638
EBITDA	172 085	-320 779	492 864	-153.6%	657 527
Depreciation	138 194	147 011	8 817	6.0%	162 950
Net Loss before Interest and Tax	33 891	-467 790	501 681	-107.2%	494 578
Finance Revenue	-1 091	-5 126	-4 035	78.7%	-23 841
Interest Received	1 091	5 126	-4 035	-78.7%	23 841
Net Profit Before Tax	34 983	-462 665	497 648	-107.6%	518 419
Taxation	0	0	0	0.0%	209 742
Net Profit /(Loss) After Tax	34 983	-462 665	497 648	-107.6%	308 676

2.1.REVENUE

Based on current trends, FIR crossings are budgeted to be 8.9% higher than the previous year.

Other revenue is comprised of bad debt recoveries.

2.2.TOTAL OPERATING EXPENSES

The total operating expenses before funding and depreciation are budgeted to decrease by 28.2% to \$1.0m made up of the following cost categories:

2.2.1. SALARIES AND RELATED COSTS

Salaries and related costs are budgeted to increase by moderately in line with the South African Consumer Price Index (CPI) after taking into account the effects of foreign currency translations.

2.2.2. BAD DEBT EXPENSES

Bad debt expenses are budgeted at \$4.8k considering the perceived risk on the recoverability of certain debtors.

2.2.3. TRAVEL AND ACCOMMODATION EXPENSES

Travel expenses are budgeted at \$17.5k to cover for the Supervisory Board meeting as well as Member States Training related travel costs.

2.2.4. TELECOMMUNICATION EXPENSES

Telecommunication expenses of \$153.1k have been budgeted in line with contracts with the relevant service providers.

2.2.5. ELECTRONIC MAINTENANCE

Electronic maintenance expenses are budgeted at \$8.6k for the year under review. Included in the budget is a portion related contingent maintenance which covers unplanned corrective maintenance (emergencies) that may occur in addition to the planned routine maintenance.

2.2.6. OTHER OPERATIONAL EXPENSES

Other operational expenses include the following:

- a) Bank charges of \$0.1k;
- b) Commission paid of \$29.5k based on collection trends;
- c) Indirect costs of \$217.5k;
- d) ATNS management fees of \$29.7k;
- e) IATA management fees of \$40.0k; and
- f) Network management fee at \$30.7k in line with the agreement.

2.2.7. OVERHEAD EXPENDITURE

Overhead expenditure (depreciation) is budgeted at \$138.1k based on the asset base and its reassessed useful life.

3. NET FUNDING

The net funding is budgeted at \$1.0k.

4. RECOMMENDATION

It is recommended that the Supervisory Board approves the budget as proposed.