



SADC VSAT II MANAGEMENT  
ACCOUNTS FOR THE QUARTER  
ENDED  
31 MARCH 2021

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## 1. INTRODUCTION

This report outlines the performance for the period under review.

## 2. DETAILED ANALYSIS

The results for March 2021 are summarized below.

**Table 1: Statement of Financial Performance**

Description	Actual	Budget	Variance	Variance
	\$	\$	\$	%
<b>Revenue</b>				
VSAT II Revenue	1 091 451	2 067 648	-976 197	-47.2%
Other Revenue	3 820	0	3 820	100.0%
<b>Total Revenue</b>	<b>1 095 271</b>	<b>2 067 648</b>	<b>-972 377</b>	<b>-47.0%</b>
Salaries & Related Costs	383 093	485 857	102 763	21.2%
Traveling Expenses	672	104 909	104 237	99.4%
Telecommunications Expenses	230 676	234 175	3 499	1.5%
Bad Debts Expenses	63 880	553 726	489 846	88.5%
Bank Charges	339	300	-39	-13.1%
Commission Paid	14 579	29 440	14 861	50.5%
Electronic Maintenance	335	28 191	27 856	98.8%
Indirect Costs	499 784	500 653	869	0.2%
ATNS Management Fees	179 783	384 914	205 131	53.3%
IATA Management Fees	40 000	40 000	0	0.0%
Professional Fees	2 909	3 715	807	21.7%
Contract Services	9 763	3 007	-6 756	-224.7%
<b>Operational Expenses</b>	<b>1 425 813</b>	<b>2 373 887</b>	<b>948 074</b>	<b>39.9%</b>
<b>EBITDA</b>	<b>-330 542</b>	<b>-306 239</b>	<b>-24 303</b>	<b>7.9%</b>
Depreciation	147 011	149 399	2 388	1.6%
<b>Net Loss before Interest and Tax</b>	<b>-477 554</b>	<b>-455 638</b>	<b>-21 917</b>	<b>4.8%</b>
<b>Finance Revenue</b>	<b>-5 126</b>	<b>-13 689</b>	<b>-8 563</b>	<b>62.6%</b>
Interest Received	5 126	13 689	-8 563	-62.6%
<b>Net Profit Before Tax</b>	<b>-472 428</b>	<b>-441 949</b>	<b>-30 480</b>	<b>6.9%</b>
Taxation	-	-	-	0.0%
<b>Net Profit /(Loss) After Tax</b>	<b>-472 428</b>	<b>-441 949</b>	<b>-30 480</b>	<b>6.9%</b>

## 2.1. REVENUE

Total SADC VSAT II revenue of \$1.0m is \$976.1k (47.2%) below budget, mainly due to declined flight information region (FIR's).

Other revenue of \$3.8k comprises recoveries from bad debts.

## 2.2. OPERATIONAL EXPENSES

The operational expenses are \$948.0k (39.9%) below budget. The following cost elements make up the total operating cost:

### 2.2.1. SALARIES AND RELATED COSTS

Salaries and related costs are \$102.7k (21.2%) below budget. The table below provides a detailed breakdown of this variance:

**Table 2: Salaries and Related Costs Breakdown**

Description	Actual	Budget	Variance	Variance %
Salary Packages - CTC	375 948	401 503	25 555	6.4%
Overtime	171	9 418	9 246	98.2%
Other	6 974	74 936	67 962	90.7%
<b>Total</b>	<b>383 093</b>	<b>485 857</b>	<b>102 764</b>	<b>21.2%</b>

- Salary packages are \$25.6k (6.4%) lower than planned. Due to the pandemic, the planned salary increases were not effected, resulting in savings;
- The overtime costs are below budget due to stricter cost control measures implemented; and
- Other expenses of \$67.9k (90.7%) are lower than anticipated. The budget included, among others, the incentive bonus. With the view of curbing the expenses, an executive decision was taken to cancel the incentive bonus.

### 2.2.2. TRAVELING EXPENSES

Traveling expenses are below budget by \$104.2k (99.4%) mainly due to the pandemic. Due to the pandemic, most engagements are being held

virtually, except for electronic equipment maintenance travel which is demand driven.

### **2.2.3. TELECOMMUNICATION EXPENSES**

Telecommunication expenses are below budget by \$3.5k (1.5%) this is in line with budget.

### **2.2.4. BAD DEBTS EXPENSES**

Bad debt expenses are below budget by \$489.8k (88.5%) due to less provision as a result of decreased revenue as compared to budget.

### **2.2.5. COMMISSION PAID**

Commission paid, driven by the number of FIRs invoiced, is \$14.6k (50.5%) below budget due to lower collections by IATA.

### **2.2.6. ELECTRONIC MAINTENANCE**

The electronic maintenance expenses are below budget by \$27.8k (98.8%) related to equipment failures and unplanned corrective maintenance travelling. Unplanned corrective maintenance is budgeted as a contingency and will thus be utilized only when there are equipment failures. Due to the pandemic and related travel restrictions, planned electronic maintenance couldn't be carried out.

### **2.2.7. OTHER OPERATIONAL EXPENSES**

Other operational expenses include ATNS management fees, indirect costs, IATA management fees, and network management fees:

- Indirect costs at \$499.7k are in line with the budget;
- ATNS management fees are in line with the reduced revenues.
- IATA management fees of \$40k are in line with the budget; and
- Network management fees are a result of an agreement between ATNS and IATA whereby ATNS pays 65% of SADC VSAT profit after taxation to IATA. For the period under review, no profits were made, and this was not anticipated when the budget was prepared.

### **2.2.8. CONTRACT SERVICES**

Contract services are above budget by \$6.7k (224.7%), due to shipping equipment freight costs.

### **2.2.9. DEPRECIATION**

Depreciation expense of \$147.0k is in line with the budget.

### **3. FINANCE REVENUE**

The finance revenue is \$8.6k (62.6%) below budget due to less interest earned.

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Approved by: Matome Moholola – CFO

Date:

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