



SADC VSAT II BUDGET PROPOSAL FOR THE PERIOD ENDING 31 MARCH 2023

Table of Contents

1.	INTRODUCTION.....	3
2.	DETAILED ANALYSIS	3
2.1.	REVENUE.....	4
2.2.	TOTAL OPERATING EXPENSES	4
2.2.1.	SALARIES AND RELATED COSTS	4
2.2.2.	BAD DEBT EXPENSES	5
2.2.3.	TRAVEL AND ACCOMMODATION EXPENSES	4
2.2.4.	TELECOMMUNICATION EXPENSES	4
2.2.5.	ELECTRONIC MAINTENANCE	4
2.2.6.	MARKETING COSTS	ERROR! BOOKMARK NOT DEFINED.
2.2.7.	OTHER OPERATIONAL EXPENSES.....	5
2.2.8.	OVERHEAD EXPENDITURE	5
3.	NET FUNDING.....	5
4.	RECOMMENDATION	5

1. INTRODUCTION

This report outlines the proposed budget for the period ending 31 March 2023.

2. DETAILED ANALYSIS

Table 1: Statement of Financial Performance

	2023	2022	Variance	Variance	2021
	Budget	Actual (Draft)	\$	%	Actual
VSAT Revenue	2 522 626	2 164 555	358 070	14,2%	1 091 451
Other Revenue	0	0	0	0,0%	3 820
Total Revenue	2 522 626	2 164 555	358 070	14,2%	1 095 271
Operational Expenses	1 730 975	1 445 577	-285 397	-16,5%	1 425 811
Salaries & Related Costs	431 428	413 737	-17 691	-4,1%	383 093
Traveling Expenses	44 741	6 448	-38 293	-85,6%	672
Telecommunications Expenses	224 058	215 888	-8 171	-3,6%	230 676
Electronic Maintenance	28 793	27 902	-892	-3,1%	335
Bad Debts	43 177	(63 970)	-107 148	-248,2%	63 880
Bank Charges	1 206	388	-817	-67,8%	339
Commission Paid	28 935	20 124	-8 811	-30,5%	14 579
Management Fees	298 862	199 197	-99 664	-33,3%	179 783
Indirect Costs	217 706	214 636	-3 070	-1,4%	499 784
IATA Management Fees	40 000	40 000	0	0,0%	40 000
Network Management Fee	330 449	330 211	-237	-0,1%	0
Audit fees	41 619	41 015	-604	-1,5%	2 907
Overhead Expenditure	156 980	147 234	-9 747	-6,2%	135 981
Depreciation	156 980	147 234	-9 747	-6,2%	135 981
Impairment Expense	0	0	0	0,0%	0
Total Expenditure	1 887 955	1 592 811	-295 144	-15,6%	1 561 792
Profit/(Loss) Before Funding	634 671	571 744	62 926	9,9%	-466 521
Total Funding	-5 598	-5 677	79	-1,4%	-5 126
Interest Received	5 598	5 677	79	1,4%	5 126
Interest Paid	0	0	0	0,0%	0
Net Profit/(Loss) Before Tax	640 268	577 422	62 847	9,8%	-461 395
Taxation	179 275	155 904	23 371	13,0%	
Net Profit/(Loss) After Tax	460 993	421 518	39 475	8,6%	-461 395

2.1.REVENUE

Based on the recent trends, FIR crossings are expected to increase by 14.2%. Thus, revenue is budgeted to increase to \$2.5m. This translates to 279,046 FIR crossings for the year under review.

Other revenue is comprised of bad debt recoveries.

2.2.TOTAL EXPENDITURE

The total expenditure before funding are budgeted to increase by 13.9% at \$1.9m made up of the following cost categories:

2.2.1. SALARIES AND RELATED COSTS

Salaries and related costs are budgeted to increase by 4.1% at \$431.4k in line with the expected salary increase and after taking into account the effects of foreign currency translations.

2.2.2. TRAVEL AND ACCOMMODATION EXPENSES

Travel expenses are budgeted at \$44.7k to cover for the Supervisory Board meeting as well as Member States Training related travel costs.

2.2.3. TELECOMMUNICATION EXPENSES

Telecommunication expenses of \$224.0k have been budgeted in line with contracts with the relevant service providers.

2.2.4. ELECTRONIC MAINTENANCE

Electronic maintenance expenses are budgeted to remain constant at \$28.8k 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.

2.2.5. BAD DEBT EXPENSES

Bad debt expenses are budgeted at \$43.1k considering the perceived increased risk on the recoverability of certain debtors.

2.2.6. OTHER OPERATIONAL EXPENSES

Other operational expenses include the following:

- a) Bank charges of \$1,2k;
- b) Commission paid of \$28.9k based on collection trends;
- c) ATNS management fees of \$298.9k was budgeted for based on collections;
- d) Indirect costs of \$217.7k in line with the agreement;
- e) IATA management fees of \$40.0k;
- f) Network management fee at \$330.4k in line with the agreement; and
- g) Audit fees at \$41.6k based on expected increases from the service provider.

2.2.7. OVERHEAD EXPENDITURE

Overhead expenditure (depreciation) is budgeted at \$156.9k based on the asset base and its reassessed useful life.

3. NET FUNDING

The net funding is budgeted at \$5.6k.

4. RECOMMENDATION

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