



SADC VSAT II MANAGEMENT  
ACCOUNTS FOR THE YEAR ENDED  
31 MARCH 2022

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## 1. INTRODUCTION

This report outlines the performance for the period under review.

## 2. DETAILED ANALYSIS

The results for March 2022 are summarized below.

**Table 1: Statement of Financial Performance**

Description	Actual	Budget	Variance	Variance
	\$	\$	\$	%
<b>Revenue</b>				
VSAT Revenue	2 164 555	1 038 417	1 126 139	108,4%
Other Revenue	0	0	0	0,0%
<b>Total Revenue</b>	<b>2 164 555</b>	<b>1 038 417</b>	<b>1 126 139</b>	<b>108,4%</b>
Salaries & Related Costs	413 737	367 794	-45 943	-12,5%
Traveling Expenses	6 448	18 018	11 569	64,2%
Telecommunications Expenses	215 888	150 550	-65 338	-43,4%
Bad Debts Expenses	-63 970	5 621	69 591	1 238,1%
Bank Charges	388	274	-115	-42,0%
Commission Paid	20 124	52 567	32 443	61,7%
Electronic Maintenance	27 902	7 533	-20 368	-270,4%
Indirect Costs	214 636	214 635	-0	-0,0%
ATNS Management Fees	199 197	49 010	-150 187	-306,4%
IATA Management Fees	40 000	40 000	-0	-0,0%
Network Management Costs	330 211	200 888	-129 323	-64,4%
Professional Fees	41 015	3 549	-37 466	-1 055,7%
<b>Operational Expenses</b>	<b>1 445 578</b>	<b>1 110 440</b>	<b>-335 137</b>	<b>-30,2%</b>
<b>EBITDA</b>	<b>718 978</b>	<b>-72 023</b>	<b>791 001</b>	<b>-1 098,3%</b>
Depreciation	147 234	242 428	95 194	39,3%
<b>Net Profit/Loss before Interest and Tax</b>	<b>571 743</b>	<b>-314 451</b>	<b>886 195</b>	<b>-281,8%</b>
<b>Finance Revenue</b>	<b>-5 677</b>	<b>-769</b>	<b>4 908</b>	<b>-637,8%</b>
Interest Received	5 677	769	4 908	637,8%
<b>Net Profit Before Tax</b>	<b>577 420</b>	<b>-313 682</b>	<b>891 102</b>	<b>-284,1%</b>
Taxation	155 904	0	-155 904	-100,0%
<b>Net Profit /(Loss) After Tax</b>	<b>421 517</b>	<b>-313 682</b>	<b>735 199</b>	<b>-234,4%</b>

## **2.1. REVENUE**

Total SADC VSAT II revenue of \$2.1m is \$1.1m (108.4%) above budget, as a result of increased flight information region (FIR's). The increased FIR's were not foreseen at the time of budget planning. This resulted in net profit after tax of \$421.5k

## **2.2. OPERATIONAL EXPENSES**

The operational expenses are \$335.1k (30.2%) above budget. The following cost elements make up the total operating cost:

### **2.2.1. SALARIES AND RELATED COSTS**

Salaries and related costs are \$45.9k (12.5%) above mainly due to Voluntary Severance Packages (VSP) and Early Retirement (ER) payments that were paid in October 2021.

### **2.2.2. TRAVELING EXPENSES**

Traveling expenses are below budget by \$11.6k (64.2%) mainly due to planned engagements being conducted virtually and this has resulted in an under-spending. The Supervisory Board meetings were also held virtually.

### **2.2.3. TELECOMMUNICATION EXPENSES**

Telecommunication expenses are above budget by \$65.3k (43.4%) due to spectrum costs being higher than anticipated. The spectrum invoices are settled for in USD and would thus be affected fluctuating foreign exchange rates.

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

The negative balance on bad debt expenses is due to prior year reversal.

### **2.2.5. COMMISSION PAID**

Commission paid is below budget by \$32.4k (61.7%) mainly due to IATA's collections being lower than initially anticipated.

### **2.2.6. ELECTRONIC MAINTENANCE**

Electronic maintenance expense is \$20.3k (270.4%) above budget due to corrective maintenance that was carried out on the SADC VSAT II terminals at Maseru and Burundi.

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

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

- Indirect costs of \$214.6k are in line with the budget;
- ATNS management fees are levied and payable to ATNS as a percentage (15%) of debt collection by ATNS on behalf of SADC VSAT II. For the period under review, management fees are \$150.1k (306.4%) above budget mainly due to collections being higher than anticipated;
- IATA management fees are in line with 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. Network management fees are \$129.3m (64.4%) above budget. The increased FIR's led to the profits that were realized. This was not foreseen at the time of budget planning.

### **2.2.8. PROFESSIONAL FEES**

Professional fees are above budget by \$37.4k (1055.7%) due to services that were procured to upgrade and install equipment for SADC VSAT II sub-networks.

### **2.2.9. DEPRECIATION**

Depreciation expense is \$95.1k (39.3%) lower than anticipated.

## **3. FINANCE REVENUE**

The finance revenue is \$4.9k (637.8%) above budget due to high interest earned than initially anticipated.

#### 4. ANNEXURE A: DEBTORS AGE ANALYSIS

Customer Name	Outstanding Amount	Current	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	91-180 Days Past Due	181-360 Days Past Due	361+ Days Past Due
AIRLINK PROPRIETARY LIMITED	29 106	31 254	954	-3 135	-	38	-6	-
AIRLINK PROPRIETARY LIMITED	33 904	33 863	-	-	-	-	41	-
ETHIOPIAN AIRLINES CORPORATION	18 806	19 500	-	-	-	-661	-	-33
KENYA AIRWAYS	16 789	17 582	-	-190	-82	-308	-1	-212
RWANDAIR EXPRESS	12 955	12 955	-	-	-	-	-	-
QATAR AIRWAYS	7 368	9 572	-	-	-	-	-	-2 204
MALAWIAN AIRLINES LIMITED	7 335	2 998	2 753	1 584	-	-	-	-
EMIRATES	6 975	8 367	-	-	-	-28	-115	-1 249
DEUTSCHE LUFTHANSA AG-O-O	5 524	4 926	578	20	-	-	-	-
<b>BALANCE ABOVE \$5000</b>	<b>138 762</b>	<b>141 018</b>	<b>4 285</b>	<b>-1 721</b>	<b>-82</b>	<b>-960</b>	<b>-81</b>	<b>-3 697</b>
<b>BALANCE BETWEEN \$4999 to \$0</b>	<b>106 703</b>	<b>47 073</b>	<b>3 988</b>	<b>2 437</b>	<b>4 785</b>	<b>11 727</b>	<b>7 854</b>	<b>28 840</b>