



**NAFISAT  
BUDGET PROPOSAL  
FOR THE PERIOD  
ENDING 31 MARCH 2023**

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## 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
Nafisat Revenue	2 739 530	2 726 844	12 686	0,5%	1 756 951
Other Revenue	0	73 774	-73 774	-100,0%	26 319
<b>Total Revenue</b>	<b>2 739 530</b>	<b>2 800 618</b>	<b>-61 088</b>	<b>-2,2%</b>	<b>1 783 270</b>
<b>Operational Expenses</b>	<b>2 038 305</b>	<b>2 006 841</b>	<b>-31 464</b>	<b>-1,5%</b>	<b>1 238 997</b>
Salaries & Related Costs	494 614	465 727	-28 887	-5,8%	410 770
Traveling Expenses	43 428	733	-42 695	-98,3%	1 864
Telecommunications Expenses	162 249	154 370	-7 879	-4,9%	172 477
Electronic Maintenance	70 608	65 181	-5 427	-7,7%	-42 571
Bad Debts	110 561	137 739	27 178	24,6%	118 487
Bank Charges	834	770	-64	-7,7%	643
Commission Paid	52 052	49 116	-2 936	-5,6%	32 182
Management Fees	429 989	429 654	-335	-0,1%	250 775
Indirect Costs	252 508	252 136	-372	-0,1%	251 463
IATA Management Fees	40 000	40 000	0	0,0%	40 000
Network Management Fee	376 266	370 399	-5 867	-1,6%	0
Professional Fees	5 195	41 015	35 821	689,5%	2 907
Overhead Expenditure	377 158	353 741	-23 417	-6,2%	278 959
Depreciation	377 158	353 741	-23 417	-6,2%	278 959
Impairment Expense	0	0	0	0,0%	0
Total Expenditure	2 415 463	2 360 582	-54 881	-2,3%	1 517 956
Profit/(Loss) Before Funding	324 067	440 036	-115 969	-35,8%	265 314
<b>Total Funding</b>	<b>-2 921</b>	<b>-2 628</b>	<b>293</b>	<b>-10,0%</b>	<b>-2 956</b>
Interest Received	2 921	2 628	-293	-10,0%	2 956
Interest Paid	0	0	0	0,0%	0
Net Profit/(Loss) Before Tax	326 989	442 664	-115 675	-35,4%	268 270
Taxation	88 287	123 946	-35 659	-40,4%	75 115
<b>Net Profit/(Loss) After Tax</b>	<b>238 702</b>	<b>318 718</b>	<b>-80 016</b>	<b>-33,5%</b>	<b>193 155</b>

## **2.1.REVENUE**

Based on the recent trends, revenue is expected to increase by 0.5%. Thus, revenue is budgeted to increase to \$2.7m. This translates to 288,895 FIR crossings for the year under review.

Other revenue is comprised of bad debt recoveries.

## **2.2.TOTAL OPERATING EXPENSES**

The total operating expenses before funding are budgeted to increase by 2,3% to \$2.4m made up of the following cost categories:

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

Salaries and related costs are budgeted to increase by 5.8% to \$494.6k 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 \$43.4k to cover for the Supervisory Board meeting as well as Member States Training related travel costs.

### **2.2.3. TELECOMMUNICATION EXPENSES**

Telecommunication expenses of \$162.2k 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 \$70.3k 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 \$110.6k considering the perceived risk on the recoverability of certain debtors.

### **2.2.6. OTHER OPERATIONAL EXPENSES**

Other operational expenses include the following:

- a) Bank charges of \$0,8k;
- b) Commission paid of \$52.0k based on collection trends;
- c) Indirect costs of \$252.5k in line with the agreement;
- d) ATNS management fees of \$429.9k was budgeted for based on collections trends;
- e) IATA management fees of \$40.0k; and
- f) Network management fee at \$376.2k in line with the agreement.

### **2.2.7. PROFESSIONAL FEES**

Professional fees are budgeted at \$5.1k consisting of audit fees for the year.

### **2.2.8. OVERHEAD EXPENDITURE**

Overhead expenditure (depreciation) is budgeted at \$377.1k based on the asset base and its reassessed useful life.

## **3. NET FUNDING**

The net funding is budgeted at \$2.9k.

## **4. RECOMMENDATION**

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