



**NAFISAT  
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
	\$	\$	\$	%	\$
<b>Revenue</b>					
Nafisat Revenue	1 463 243	1 721 926	-258 683	-15.0%	3 485 617
Other Revenue	0	61 344	-61 344	-100.0%	98 772
<b>Total Revenue</b>	<b>1 463 243</b>	<b>1 783 270</b>	<b>-320 027</b>	<b>-17.9%</b>	<b>3 584 389</b>
Salaries & Related Costs	420 882	410 770	-10 112	-2.5%	498 293
Traveling Expenses	20 618	1 864	-18 755	-1 006.2%	118 304
Telecommunications Expenses	172 278	172 477	199	0.1%	215 050
Bad Debts Expenses	6 432	118 487	112 055	94.6%	469 721
Bank Charges	313	643	330	51.3%	684
Commission Paid	60 155	32 182	-27 973	-86.9%	64 128
Electronic Maintenance	8 621	-42 571	-51 192	120.3%	80 176
Indirect Costs	216 017	251 463	35 445	14.1%	287 549
ATNS Management Fees	42 063	250 775	208 712	83.2%	515 498
IATA Management Fees	40 000	40 000	0	0.0%	40 000
Network Management Costs	93 283	157 732	64 449	40.9%	556 108
Marketing Expenses	0	0	0	0.0%	0
Contract Services	0	9 763	9 763	100.0%	153
Professional Fees	0	2 907	2 907	-100.0%	3 328
<b>Operational Expenses</b>	<b>1 080 663</b>	<b>1 406 492</b>	<b>325 829</b>	<b>23.2%</b>	<b>2 848 992</b>
<b>EBITDA</b>	<b>382 580</b>	<b>376 777</b>	<b>5 802</b>	<b>1.5%</b>	<b>735 397</b>
Depreciation	277 420	294 801	17 380	5.9%	337 079
<b>Net Profit/Loss before Interest and Tax</b>	<b>105 159</b>	<b>81 977</b>	<b>23 183</b>	<b>28.3%</b>	<b>398 318</b>
<b>Finance Revenue</b>	<b>-881</b>	<b>-2 956</b>	<b>-2 075</b>	<b>70.2%</b>	<b>-15 509</b>
Interest Received	881	2 956	-2 075	-70.2%	15 509
<b>Net Profit Before Tax</b>	<b>106 040</b>	<b>84 931</b>	<b>21 108</b>	<b>24.9%</b>	<b>413 827</b>
Taxation	29 691	0	-29 691	-100.0%	227 515
<b>Net Profit /(Loss) After Tax</b>	<b>76 349</b>	<b>84 931</b>	<b>-8 583</b>	<b>-10.1%</b>	<b>186 312</b>

## **2.1.REVENUE**

Based on current trends, FIR crossings are budgeted to be 15.0% lower than the previous year. This is due to the impact of the Covid-19 pandemic across the globe which had a negative impact on the revenue.

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 23.2% to \$1.1m 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 expected salary increase and after taking into account the effects of foreign currency translations.

### **2.2.2. BAD DEBT EXPENSES**

Bad debt expenses are budgeted at \$6.4k considering the perceived risk on the recoverability of certain debtors.

### **2.2.3. TRAVEL AND ACCOMMODATION EXPENSES**

Travel expenses are budgeted at \$20.6k to cover for the Supervisory Board meeting as well as Member States Training related travel costs.

### **2.2.4. TELECOMMUNICATION EXPENSES**

Telecommunication expenses of \$172.3k have been budgeted in line with contracts with the relevant service providers.

### **2.2.5. ELECTRONIC MAINTENANCE**

Electronic maintenance expenses are budgeted to remain constant 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 \$3.3k;
- b) Commission paid of \$60.1k based on collection trends;
- c) Indirect costs of \$216.0k in line with the agreement;
- d) ATNS management fees of \$42.0k was budgeted for based on lower collections at the time;
- e) IATA management fees of \$40.0k; and
- f) Network management fee at \$93.2k in line with the agreement.

#### **2.2.7. OVERHEAD EXPENDITURE**

Overhead expenditure (depreciation) is budgeted at \$277.4k based on the asset base and its reassessed useful life.

### **3. NET FUNDING**

The net funding is budgeted at \$0.9k .

### **4. RECOMMENDATION**

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