



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

2014 Budget Execution

By

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June 2014

***Beyond connection:
Internetworking for African Development***



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2014 ..so far...

- A typical start of operations; relatively quiet and slow Q1
- For the Finance unit, the first part of 2014 devoted to statutory audit preparations for financial year to December 2013.
- At the same time Billing unit completed the Annual Billing exercise. Improved collection rate is a major focus for 2014 together with continuous cost control.



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Revenue

Quarter 1 to March 2014

Fees Revenue

	Actuals Q1	Budgets Q1	Annual Budgets	Actual Q1 vs Budget
Existing Members	\$2,867,321	\$3,135,550	\$3,135,550	91%
New Members	\$116,234	\$275,350	\$765,333	15%
Total	\$2,983,555	\$3,410,900	\$3,900,883	76%



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Revenue

- By the end of Q1, 76% of the annual revenue budgeted has been realised.
- Lower Fee renewals from existing members is attributed to existing members who had not yet settled their 2013 fees. Therefore 2014 invoices not issued.
- New membership is expected to pick up during Q2 and Q3



Revenue

- Fees collection rate has improved from previous years

Fees Collections Rate			
	Q1-2014	Q1-2013	Q1-2012
Rate	78%	55%	45%

- Improved collection rate has been a direct result of the late payment penalty levied.
- In addition a Billing Unit was created mid 2013 to oversee all matters relating to Billing
- For 2014 Billing exercise, fee invoices were sent by courier, email and posted on MyAfrinic.



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Operating Costs

Operating Costs - Q 1 to March 2014

Q 1 to March 2013		Q 1 to March 2014	Annual Budget	Actuals vs Budgets %
	Administrative expenses			
426,047	HR	543,892	2,442,772	22%
13,602	Telephone & Comm.	12,379	61,864	20%
0	Computer expenses	8,732	19,217	45%
62,260	Office expenses	77,168	246,312	31%
592	Motor vehicle expenses	432	4,300	10%
6,301	Insurance	7,702	11,600	66%
1,962	Printing, postage & stationery	6,062	15,003	40%
10,264	Bank charges	15,359	25,000	61%
302	Professional fees	2,667	15,720	17%
40,380	Depreciation	53,750	215,000	25%
11,111	Legal & Consulting fees	5,000	63,767	8%
572,821	Total Administrative expenses	733,143	3,120,556	23%



Operating Costs

Operating Costs - Q 1 to March 2014

Q 1 to March 2013		Q 1 to March 2014	Annual Budget	Actuals vs Budgets %
	Distribution expenses			
363	Marketing & Comm expenses	692	35,918	22%
0	Bad debts	0	20,000	0%
0	Meeting Expenses	443	190,000	0%
0	Members Training	0	100,000	0%
32,488	Travelling Expenses	113,908	410,000	28%
-	Research & Development	-	50,000	0%
-	Entertainment expenses	-	-	0%
-	IPv6 Outreach Program	-	25,000	0%
-	Contribution	-	98,000	0%
-	Remote Sites Ops Expenses	-	2,340	0%
32,851	Total Distribution expenses	115,043	931,258	12%
-	Other Costs	-	2,500	0%
605,672	Total Operating expenses	848,186	4,054,314	21%



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Operating Costs

- By the end of Q1, Admin costs reached 23% of the annual budget whilst Distribution costs achieved 12%
- Overall, Operating costs have used up 21% of the annual budget
- No significant deviation from the original budget is being anticipated.



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Bad Debts

- The incidence of Bad Debts, the past years, have impacted both the bottom line and future revenue profiles.
- Since 2013, closer attention is being paid to unsettled fees and reviews are conducted as an ongoing exercise with a view to minimizing the level of write-offs.
- Increased effort by the Billing Unit and Member Services



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Challenges...

- Keeping Operating costs within budgeted limits.
- Maintain high fee collection rate and to close the year with a low Trade receivables.
- Reduced level of resources reclaim as a result of non payment.
- Encourage the use of MyAfrinic by members.



Balance Sheet

December 2014

BUDGETED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

ASSETS

Non-current assets

Plant and equipment

Intangible assets

Current assets

Trade receivables and other assets

Cash and cash equivalents

Total assets

RESERVES AND LIABILITIES

Revenue reserve

Other reserve

Net assets attributable to members

Non current liabilities

Finance lease obligations

Current liabilities

Finance lease obligations

Trade and other payables

Total reserves and liabilities

As at 31 December 2014	
Rs	US\$
20,057,939	\$668,598
1,773,334	\$59,111
21,831,273	\$727,709
6,215,199	\$207,173
32,478,141	\$1,082,605
38,693,340	\$1,289,778
60,524,613	\$2,017,487
473,611	\$15,787
39,693,750	\$1,323,125
40,167,361	\$1,338,912
636,412	\$21,214
253,122	\$8,437
19,467,718	\$648,924
19,720,840	\$657,361
60,524,613	\$2,017,487

**Thank you
for your
Attention**

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