ANNUAL REPORT
2018 | 2019

Fuelling Botswana

BOTSWANA OIL
Your Fuel. Your Future

Botswana Oil Limited (BOL) was established in order to achieve the Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic storage facilities and the facilitation of active citizen involvement in the petroleum industry. As the National Oil Company of Botswana, BOL serves as the Government's transformation agent charged with this important responsibility. Botswana Oil Limited is a company incorporated under the Companies Act of Botswana. It is wholly owned by the Botswana Government, represented by the Ministry of Mineral Resources, Green Technology and Energy Security (MMGE). The Company operates under defined governance and operating principles.

VISION

"To be a significant player in the oil and gas industry"

MISSION

"Ensuring security and efficiency of supply of petroleum products for Botswana and facilitation of citizen emerging companies."

Botswana Oil Limited Brand Philosophy

INTEGRITY

We are honest with others and ourselves. We meet the highest ethical standards in all business dealings. We do what we say we will do. We accept responsibility and hold ourselves accountable for our work and our actions.

TEAMWORK

We encourage individual contribution and responsibility and believe the best ideas should be allowed to surface from anywhere within the organization. We appreciate the value of multiple perspectives.

CONTINUOUS IMPROVEMENT

We are committed to excellence in all we do and continually strive to improve. We are passionate about achieving results that exceed expectations -our own and those of others. We drive for results with energy and a sense of urgency.

COMMERCIAL FOCUS

We commit to fostering a business mindset within our organization which promotes profitability, efficiency and the implementation of best practice business practice.

SOCIAL RESPONSIBILITY

We endevour to create a clean, safe, healthy workplace and environment in accordance with statutory requirements.

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FOUR YEAR FINANCIAL PERFORMANCE

Figures in BWP	**2019** P	**2018** P	**2017** P	**2016** P
Revenue	649,142,253	539,258,815	250,385,746	230,976,015
Cost of Sales	(627,156,388)	531,161,678	(250,604,598)	(181,303,499)
Gross Profit/(Loss)	***21,985,865***	***8,097,137***	***(218,852)***	***49,672,516***
Other Operating Income	7,691,777	256,582	9,461,197	3 ,493,110
Administrative Expenses	(65,235,135)	(61,947,245)	(53,985,302)	(42,719,080)
(Loss)/Profit from Operations	***(35,557,493)***	***(53,593,526)***	***(44,742,956)***	***10,446,546***
Finance Income	4,001,843	2,786,640	4,247,772	5,179,358
Finance Cost	-	(1,317,041)	(2,368,648)	-
(Loss)/Profit Before Income Tax Expense	***(31,555,650)***	***(52,123,927)***	***(42,863,832)***	***15,625,904***
Income Tax Expense	-	5,084,734	9,414,983	(3,379,564)
(Loss)/Profit After Income Tax Expense	***(31,555,650)***	***(57,208,670)***	***(33,448,849)***	***12,246,340***
Total Comprehensive Income	***(31,555,650)***	***(57,208,670)***	***(33,448,849)***	***12,246,340***

Corporate Profile, Governance Structure & Strategy

Botswana Oil Limited (BOL) was incorporated through the Companies Act of Botswana in 2011. The Company is wholly owned by the Botswana Government and operates under defined governance and operating principles.

BOL was established to achieve the Botswana Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic fuel storage facilities and the facilitation of active citizen involvement in the petroleum industry. As the National Oil Company of Botswana, BOL serves as the Government transformation agent charged with this important responsibility. Over the five years since establishment, the Company has amassed assets valued over P10 million.

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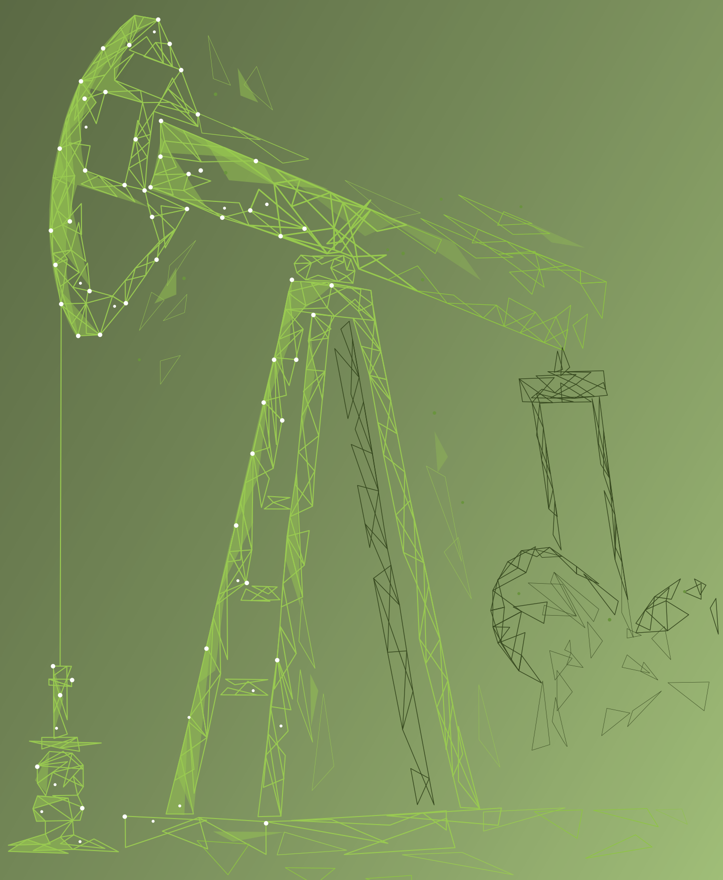


CORPORATE PROFILE, GOVERNANCE STRUCTURE AND STRATEGY

In keeping with its vision ***"To be a significant player in the oil and gas industry"***, BOL needs to be adequately prepared to fully assume this mandate once all enabling legal instruments are in place, to be able to deliver adequately on this mandate and in compliance with internationally accepted corporate governance. To this end BOL identified key strategic objectives to guide its activities, business focus and the allocation of resources for its planning period 2015-2019. These are:

KEY STRATEGIC OBJECTIVES

TO ENSURE
The security of fuel supply in the country

TO ENHANCE
The strategic use of ICT

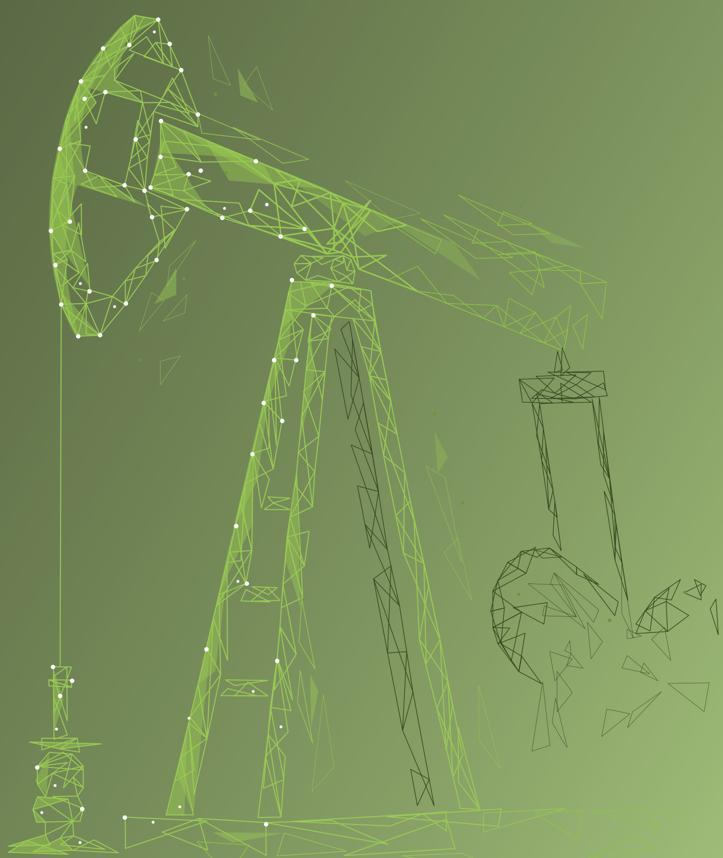
TO ENHANCE CITIZEN
Participation in the oil and gas industry

TO MANAGE
Strategic fuel reserve facilities

TO ACHIEVE
Financial sustainability within the context of acceptable corporate governance

TO OPTIMIZE
Health, Safety, Security and Environment

Board Chairman's Remarks



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BOARD CHAIRMAN'S REMARKS

I present this 5th Annual Report of Botswana's National Oil Company, Botswana Oil Limited against a background of several factors which had a bearing on the performance of the Company during the review period, which is the 2018/19 reporting period. These influencing factors formed the narrative between BOL and its various stakeholders throughout the review period.

OPERATIONS

Botswana Oil Limited's mandate is to ensure the uninterrupted availability of the country's primary energy source, fuel. BOL's quest to deliver on this aspect of its mandate was hindered by several factors, some emanating from the restrictions brought about by the absence of a legislative framework to empower the Company. However, the Company ensured that there were no fuel outages across the country for the review period.

Although BOL continued to operate on a willing-seller-willing-buyer basis, sales improved significantly during the review period, with a total 95.1 million litres sold. Of this volume, 90% was sold to International Oil Companies (IOCs) while 10% was sold to Citizen Owned Oil Companies (COOCs).

BOL's application for an import licence, which would have enabled BOL to consolidate the national volume resulting in economies of scale was denied by BERA. This, compounded by the absence of the Petroleum Products Bill or any other enabling legislation for BOL had an impact on the Company's performance. By the close of the review period, in a quest to remain financially sustainable, BOL was working on alternative business model options for consideration by the Shareholder.

GOVERNANCE

The Board and Management recognise the critical nature of active and participative enterprise leadership and therefore remained committed to the principles of good governance during the year. The Board, through the collective contributions of the various Board Committees and the general principles of good corporate governance, continued to fulfil its guidance and oversight mandate.

Ordinary Board Meetings as well as Board Committee meetings were convened as scheduled or as and when deemed necessary.

The Board considers the impact of Botswana Oil operations on the environment and stakeholders and puts initiatives and mechanisms in place to monitor, mitigate and report on these. Assurance reports received from Management, consultants and external auditors also served as a representation of the status of the Company in that regard to the Board.

STRATEGIC PLANNING

This report covers BOL's performance in line with the objectives and targets it set itself in its strategic plan covering the years 2015- 2019. For this period, the Board remained committed to guiding the Company to effectively implement its identified key strategic imperatives to ensure maximum delivery on its mandate. The Board's key strategic imperatives for the period were:

- To ensure the security of fuel supply in the country
- To manage strategic fuel reserve facilities
- To enhance citizen participation in the oil and gas industry
- To achieve financial sustainability within the context of acceptable corporate governance
- To enhance the use of ICT
- To optimize health, safety, security and the environment

The emphasis of these key strategic imperatives cut across all the Company's operations. Their achievement was satisfactory given the the setbacks encountered in BOL's quest to get enabling legislation promulgated. Due to this major challenge, some of the major projects which had been planned had to be put on hold during the year. The Company's five-year strategy also had to be re-focussed, to emphasise the identification of alternative business models to keep the Company sustainable. Through the Board's guidance and stewardship, BOL will identify other viable options to ensure the business remains a going concern and at the same time delivering on its mandate.

BOARD CHAIRMAN'S REMARKS (continued)

FINANCIAL PERFORMANCE

The 2018-2019 results indicate a great improvement in sales volumes, revenue and gross margins as well as net loss and show that the Company has potential to return a positive net profit with the necessary enabling statutory instruments in place to enable it to consolidate volumes and aggressively negotiate good margins for the organisation for the benefit of the country and its citizens. Sales volumes of 95.1 million litres of petroleum products being Diesel and Petrol were sold during 2018/19 which was an increase of 9% from the 87.2 million litres sold in 2017/18. The growth in sales revenue was largely due to BOL sales drive for IOCs to buy 10% of their fuel demand from Botswana Oil in preparation for the import license which translated into BOL supplying 8% of the market demand. The improvement in margins was due to a deliberate negotiation of prices (transport rates and cost of product) driven by increasing volumes as well as favourable exchange rate between Botswana Pula (BWP) and South African Rand (ZAR). There was a notable improvement in net loss amounting to P25.6 million from P57.2 million in 2018 to P31.6 million in 2019. This largely attributable to cost saving measures implemented to curb the operating losses.

During the reporting period, there was a significant post balance sheet event relating to the shareholder changing the treatment of the Security of Supply Margin (SSM) from being accounted for as BOL equity to being a short term liability payable to Government. This action will weaken BOL's balance sheet going forward.

Going forward, the business will have to continue to be aggressive and innovate to ensure the Company earns an adequate margin to enable BOL to return to profitability while BOL also explores other alternative business models in the absence of the import licence.

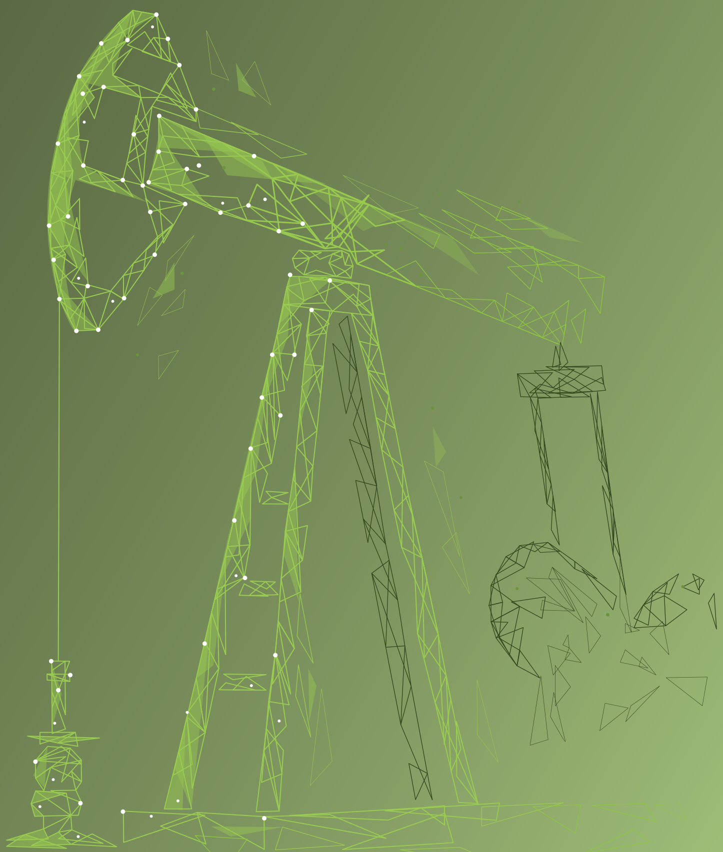
APPRECIATION

I am pleased with how far the Company has come since its establishment, moreover, with the sacrifices the Board, Management and Staff have made to build it to what it is today. I also acknowledge the major milestones we had set for the growth of the Company but have not been able to realise yet and I hold on to the faith that this esteemed team of dedicated men and women will bring these to fruition. To all our other stakeholders, your support and sustained belief in what BOL stands for remaixn our fuel to soldier on.

Le ka moso!

Dr. Joel Sentsho
Board Chairman

Corporate Governance



Fuelling Botswana

CORPORATE GOVERNANCE

Botswana Oil Limited subscribes to, and is committed to the accepted practices of good governance and international best practice. As an establishment incorporated under the Companies' Act, BOL is compelled to ensure that its processes and practices comply with the requirements of the Companies Act (Cap 42:01) of the Laws of Botswana and its amendments and directives.

Botswana Oil Limited is a company wholly owned by the Botswana Government. The BOL Constitution defines the ***raison d'etre*** for the Corporation as well as the limits within which it can operate, including the roles for the Minister of Mineral Resources, Green Technology and Energy Security (MMGE), the Board, and the Executive Management.

THE BOARD

The Board of the Corporation is appointed by the Minister of Mineral Resources, Green Technology and Energy Security. In appointing the Board Members, the Minister takes into consideration their areas of expertise, experience and ability to make meaningful contributions to the business of the Company.

The composition of the Board at any one time does not exceed eight members, including the Chairman. The present Board comprises a fair balance of expertise, skills, knowledge and experience to meet this requirement. The role of the BOL Board is to determine corporate policy and provide strategic direction. In carrying out this mandate, it is expected to bring to bear the highest standards of ethical conduct and good governance, in line with laid down statutes and generally accepted international practice. By the close of the year under review, BOL did not have a full Board as some of the Members' terms had lapsed and the process of filling these positions was still on-going. Despite this, the remaining Members formed a quorum and the Board could still operate. Botswana Oil Limited's Board was constituted as follows:

Dr. Joel Sentsho	*Board Chairman (appointed 1st August 2018)*
Setshedi Botlhole-Mmopi	*Board Member (appointed 1st August 2018)*
Seabo Keorapetse	*Board Member (appointed 1st August 2018)*
Kesetsenao Molosiwa	*Board Member (appointed 1st August 2018)*
Ogomoditse Maruapula	*Board Member (term lapsed on the 31st January 2019)*
Batsho Dambe-Groth	*Board Member (term lapsed on 31st January 2019)*
Golekanye Rabasha	*Board Member (term lapsed on 31st January 2019)*
Meshack Tshekedi	*Executive Director (tenure tied to his capacity as Acting CEO)*

CORPORATE GOVERNANCE (continued)
BOARD MEETINGS

BOARD MEETINGS

The Board meets at least quarterly. It follows a structured approach of delegation, reporting and accountability. This includes reliance on four Board Committees to carry out delegated duties, namely the Board Tender Committee (BTC), Finance, Audit and Risk Committee (FARC), Nominations and Human Resources Committee (NHRC) and the Social and Ethics Committee. During the year under review, the Board convened four (4) ordinary meetings and 1 (one) special meeting.

BOARD TENDER COMMITTEE (BTC)

The Tender Committee is tasked with approving tenders in accordance with the Procurement Policy and set BOL Procurement Procedures. The Committee comprises at least three members made up of two non-executive members of the Board, and the Chief Executive Officer. One of the non-executive members shall be nominated as Chairman.

The Committee may appoint a professional advisor/s to attend any specific meeting or all meetings at its discretion. The executive member may, however, not vote on resolutions of the Board Tender Committee. The Committee meets as and when there are tender issues for its consideration. During the reporting period it met twice.

THE FINANCE AUDIT AND RISK COMMITTEE (FARC)

The Finance Audit and Risk Committee comprises three members of the Board. Its activities are governed by the Internal Audit Charter approved by the Board and the charter empowers the Committee primarily to assist the Board carry out its duties based on the Corporation's accounting policies, internal controls and accepted financial practices. The Committee provides assurance to the Board on matters relating to compliance with the corporate policy, laws and regulations, and the ethical conduct of daily business operations. It reviews budgets and the annual financial reports with Management before consideration and approval by the Board.

The Committee also provides advice on corporate risk management. The Committee convened four (4) meetings during the review period.

SOCIAL AND ETHICS COMMITTEE (SEC)

The mission of the Committee is to advise the Board on ethical issues that are related to the BOL's activities by producing opinions and reports on issues referred to it, amongst other responsibilities. It oversees the monitoring, assessment and measurement of the Company's activities relating to good corporate citizenship, including the Company's activities relating to the environment, health and public safety, the impact of the Company's activities and of its products or services.

It also provides oversight on the monitoring, assessment and measurement of the Company's compliance with the terms of the International Labour Organization Protocol on decent work and working conditions, the Company's employment relationships, and its contribution toward the educational development of its employees. The committee is scheduled to meet four times. During the year, it convened no meetings as it was not fully constituted.

NOMINATIONS AND HUMAN RESOURCES COMMITTEE (NHRC)

The Committee is mandated with reviewing the balance of skills, experience and composition of the Board and its Committees, ensuring that they remain relevant. In addition, the Committee keeps under review the leadership needs of, and succession planning for the Company in relation to both its executive directors and other senior executives. The Committee deals with policies relating to the management of the human resource, including the organization structure, terms and conditions of service, remuneration, the appointment and dismissal of senior staff other than those appointed by the Board, pensions and any other matters delegated to it by the Board. The Committee meets at least quarterly. During the year under review it met three (3) times

MEMBERS' DECLARATION OF INTEREST

Members declare their interest at every meeting in relation to the matters before them for their decision.

CORPORATE GOVERNANCE (continued)
BOARD REMUNERATION

BOARD REMUNERATION

Board remuneration rates are determined by the Botswana Government. Fees for members are assigned to the BOL Board by the Minister of Mineral Resources, Green Technology and Energy Security. The applicable rates (per sitting) during the year were as follows:

Chairman	***P2 250***
Member	***P1 800***

Chairmen and non-executive members of the various Board Committees were also remunerated at P2 250 and P1 800 respectively.

REPORTING TO THE SHAREHOLDER

As a Company wholly owned by the Botswana Government, the BOL Board reports to the Minister of Mineral Resources, Green Technology and Energy Security regularly, as guided by the Shareholder Compact. Management reports to the Shareholder regularly through meetings with the Minister as well as with the Permanent Secretary in the Ministry of Mineral Resources, Green Technology and Energy Security. Quarterly briefings are done for the State President as part of the larger Ministry's reporting, to apprise him of the operations of the Company, its successes, challenges and future plans.

GOING CONCERN

Since it commenced operations in 2013, BOL has had unqualified accounts. The financial statements for the year ending 31st March 2019 have also been prepared on a going concern basis. The Board is satisfied with the Company's future performance projections and is confident that the Company will continue to operate into the foreseeable future.

STATUTORY REPORTING REQUIREMENTS

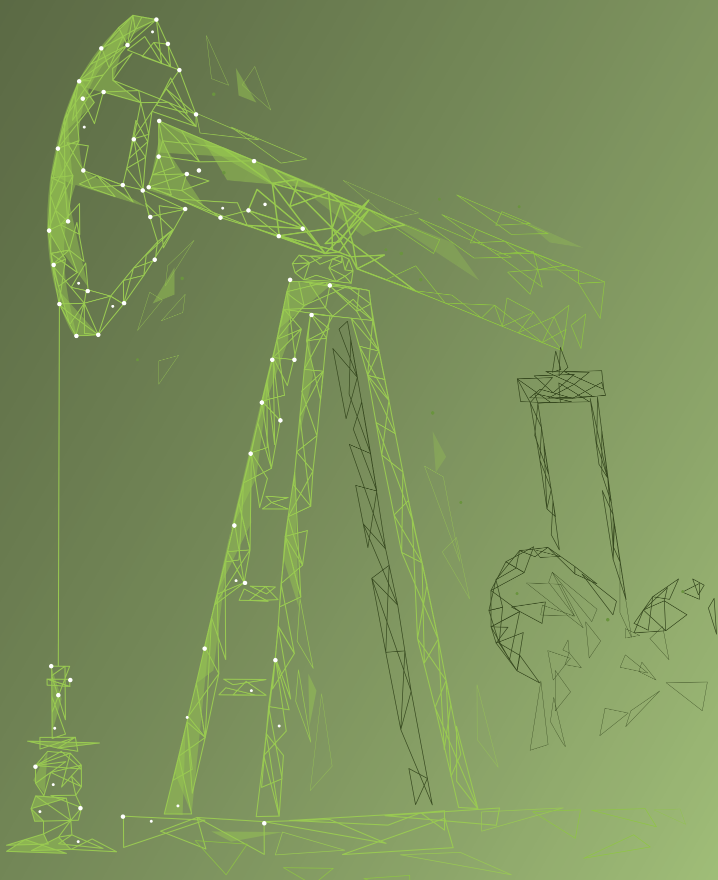
The Companies' Act stipulates that, following the close of the financial year, Companies registered under it should prepare an Annual Report on the affairs of the Company during the accounting period.

The Board is satisfied that Botswana Oil Limited has complied with this and other statutory requirements for the year ended 31st March 2019. A statement by the Board members on their responsibility for the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information is detailed on pages 36 to 70 of this Report.

EXECUTIVE MANAGEMENT

The management and daily running of the BOL is the responsibility of the Chief Executive Officer with the assistance of the Executive Management Team (EXCO). The role of Exco is to implement the strategic direction and objectives as set out by the Board within the confines of the corporate vision, mission and values, assisted by the Senior Management Team.

BOARD OF DIRECTORS



Fuelling Botswana

Meshack Tshekedi
Executive Director

Batsho Dambe-Groth
Board Member

Seabo Keorapetse
Board member

Dr. Joel Sentsho
Board Chairman

Setshedi Botlhole-Mmopi
Board Member

Ogomoditse Maruapula
Board Member

BOARD OF DIRECTORS

Dr. Joel Sentsho
Board Chairman

Dr. Sentsho holds a PhD in Economics from the University of Strathclyde,Glasgow, Scotland. He has been the Trade Policy Advisor in the Ministry of Trade and Industry (MTI) since 2008. Dr. Sentsho is responsible for among others, Botswana's economic policy formulation, strategy development and their implementation as well as the country's global competitiveness. Before he joined MTI, Dr. Sentsho worked as a Lecturer at the University of Botswana and a Senior Research Fellow at BIDPA. He has published several journal articles and books. Dr.Sentsho is a Board Member of the Bank of Botswana, SPEDU and the Assembly of God Bible College.

Meshack Tshekedi
Executive Director

Meshack Tshekedi holds an MSc. in Engineering Management (University of Missouri) and a Bachelor of Science in Chemical Engineering and Economics (University of Missouri). . He has held senior positions including National Supply Chain Manager and Group Supply Chain Director at Kgalagadi Breweries and Botswana Breweries, General Manager for MRI Botswana in 2010 and was appointed Group Supply Chain Director for SAB Miller Africa – Zambian Breweries Group PLC Beverages) in 2013. He worked for BOL as General Manager - Corporate Policy, Strategy and Business Planning in 2015. He joined Botswana Investment and Trade Centre (BITC) as Chief Operations Officer, later Acting Chief Executive Officer. In 2018 Meshack re -joined BOL as General Manager Supply. In October 2018 he was appointed BOL Acting Chief Executive Officer, a position he holds to date.

Batsho Dambe-Groth
Board Member

Batsho Dambe-Groth has a Bachelor of Science (Hons) in Occupational Psychology from the University of Wales Institute of Science and Technology. She has a strong background in Human Resource Management and has held senior and executive positions in the parastatal and financial services sectors. She has extensive skills in corporate culture building,organisation development, operational efficiency and remuneration. She holds several board positions including Council Member of Maru-A-Pula School and Chairperson of Botswana Insurance Holdings. She is the Managing Director of Resource Logic, a business and human resource management consultancy firm.

Seabo Keorapetse
Board Member

Seabo Keorapetse holds an MSc Accounting and Finance from Buckingham University and a BA (SS) Economics and Accounting. She is currently Director Budget Administration at the Ministry of Finance and Development Planning.

She was appointed Botswana Representative in the AU Technical Committee of Finance Ministries and currently serves as representative of the Ministry of Finance and Economic Development in the Finance Committee of the University of Botswana.

BOARD OF DIRECTORS (continued)

Setshedi Botlhole-Mmopi
Board Chairman

Setshedi Botlhole-Mmopi holds a BCom (Accounting). Accounting with Auditing and Financial Management majors from the University of Botswana. She is admitted as an Associate member of ACCA and fellow of FCCA. She has extensive experience in the oil industry having held various management positions at BP Botswana over a ten year period. She also worked as Head of Mail Business at Botswana Post.

Setshedi is an experienced professional with a strong background in various aspects of accounting, financial management and reporting, as well as business and transformational leadership.

Ogomoditse Maruapula
Board Member

Ogomoditse Maruapula holds an MSc in Environmental Planning from the University of Botswana as well as several post-graduate qualifications. He has contributed substantially in various disciplines of research and advisory services throughout his career. He is a Life Fellow with the Institute of Management Specialists (FIMS), England, United Kingdom as well as a Full and Life Member of the Institute of Professional Managers and Administrators (MInstPM) Jersey, United Kingdom. He is currently the General Director at EBAT Consultants, a company he owns.

Golekanye Rabasha (Not in picture)
Board Member

Golekanye Gobuamang Rabasha holds a Bachelor of Law from the University of Botswana as well as an LLM Degree from the University of South Africa. In his career spanning close to thirty years he has amassed great experience in criminal and civil litigation, drafting regulatory legislation, commercial law, mineral, energy and water laws, undertaking legal research and has been involved in a number of legislative reviews.

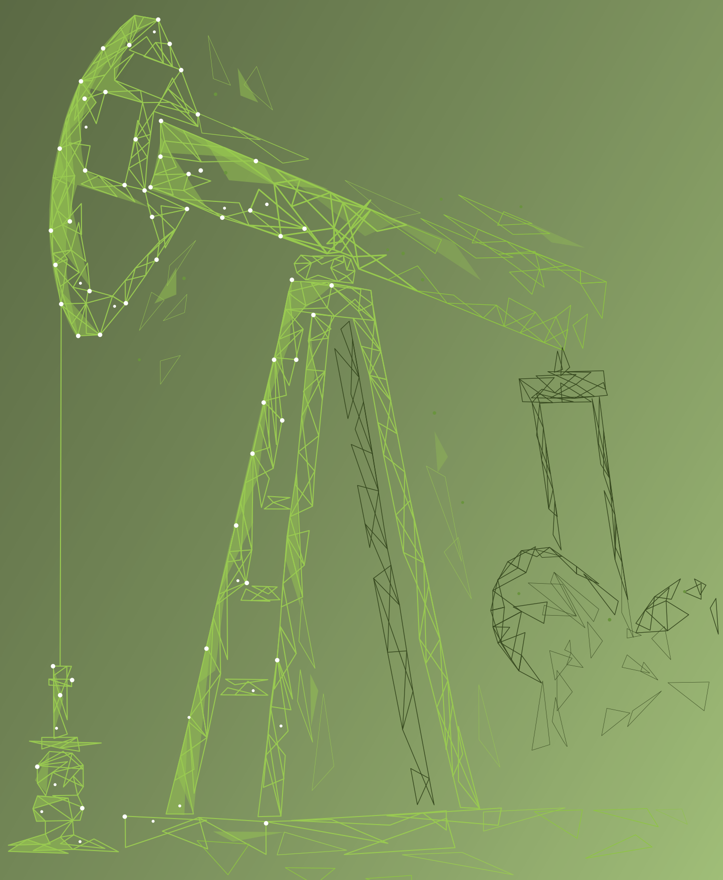
He is currently the Principal State Counsel, International and Commercial Division in the Attorney General's Chambers. He is on secondment to the Ministry of Mineral Resources, Green Technology and Energy Security where he serves as a Legal Advisor to the Ministry.

Kesetsenao Molosiwa (Not in picture)
Board Member

Kesetsenao Molosiwa holds an MSc. Rural Resource Management from the University of Wales. UK and a BA. Environmental Science and Theology from the University of Botswana. He is currently Acting Director, Department of Energy.

He has vast experience in the energy industry having previously held the position of Acting Deputy Director Department of Energy and Chief Energy Officer.

Chief Executive Officer's Statement



Fuelling Botswana

CHIEF EXECUTIVE OFFICER'S STATEMENT

Botswana Oil Limited continued to make good progress towards the maximal implementation of its mandate as outlined in its founding documents. BOL performed exceptionally towards delivery on its first prong of its mandate, which is to ensure the security and efficiency of petroleum products in Botswana. No fuel shortages were recorded in-country despite numerous challenges experienced along the Oil and Gas industry value chain, at home and further afield. The strategic stocks that BOL manages for the Government cushioned any possible shortages in Botswana which are usually caused by disruptions in supply in South Africa. These disruptions are usually caused by refinery shutdowns due to planned maintenance or breakdowns as well as interruptions to transportation movement as a result of civil unrests in South Africa. The days cover remained at 8 -11 days across the year.

BOL's application for an import licence from Botswana Regulatory Authority (BERA) was denied. This outcome negatively impacted BOLs ability to grow volumes for the year as the Company continued operating on a willing buyer-willing seller model which does not afford it sustainable volumes.

FINANCIAL PERFORMANCE

The 2018-2019 results showed a great improvement in sales volumes, revenue and gross margins as well as net loss. Sales volumes of 95.1 million litres of petroleum products being Diesel and Petrol were sold during 2018/19 which was an increase of 9% from the 87.2 million litres in 2017/18. Of this volume, about 69% of the sales were diesel while petrol accounted for 31%. The majority of BOL sales were to International Oil Companies (IOCs) at 89% compared to Citizen Emerging Companies (CECs) at 10% and others at 1%. Revenue grew by 20% to P649.142m (2019) from P539.258m (2018). Gross Profit increased by 172% to P21.985m (2019) from P8.097 (2018). Administrative expenses increased by 5.3% to P65.235m (2019) from P61.947m (2018).

BOL made P7.6m in other operating income through replenishment of Government Strategic Reserves during the period under review. The Net Loss for the year 2018-19 showed a decreased loss compared to prior year, with a net loss of P31.555m realised compared to last year's loss of P57.209m. The improvement was attributable to an improvement in trading margins albeit still not able to cover all operating expenses.

The growth in sales revenue was largely due to BOL sales drive for IOCs to buy 10% of their fuel demand from Botswana Oil in preparation for the import licence which translated into BOL supplying 8% of the market demand. The improvement in margins was due to a deliberate negotiation of prices (transport rates and cost of product) driven by increasing volumes sold as well as favourable exchange rate between Botswana Pula (BWP) and South African Rand (ZAR).

Going forward, the business will continue to be aggressive and innovate to ensure it earns an adequate margin to enable BOL to achieve profitability. BOL will also explore other alternative business models while resolving the import licence business model.

CAPITAL PROJECTS

The status of most BOL projects remained unchanged from the previous review period. This was mainly attributable to the fact that the projects had been suspended due to funding challenges, a situation which still obtained during the year under review. These projects include the Francistown Depot Expansion Project and the Tshele Hills Storage Project. The Ghanzi Depot Project recorded some progress, with the fencing of the site having commenced during the year and work was in progress by close of the year.

These projects, upon completion, will see the national strategic fuel storage facilities capacity increase from a current combined 55 million litres which translates to about 18 days cover to 135 million litres which translates to about 90 days cover. The World Bank recommended days cover for landlocked countries such as Botswana is 90days.

COOPERATION AGREEMENTS

In a quest to get good prices as well as to diversify

CHIEF EXECUTIVE OFFICER'S STATEMENT

COOPERATION AGREEMENTS (continued)

its routes for bringing in the product, BOL has developed strategic working relationships with other players along the value chain, at home, regionally and internationally. During the review period, the focus was on the development of alternative routes to bring product into the country. This is to reduce dependency on the South African route which BOL has traditionally used. The diversification of routes will also ensure shorter distances to BOL's other storage facilities including Francistown and Ghanzi which will get product through Mozambique and Namibia, respectively. By the close of the review period, talks with Mozambique and Namibia were at an advanced stage.

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

Guided by its policy, BOL strove to reduce its operational carbon footprint and improve the lives of the communities it operates in. With the Tshele Hills Storage Facility construction in the Kgatleng District, BOL has adopted the area as its home base and during the years has funded and supported various causes, including constructing a home for a destitute family, sponsoring a local football team, cleaning the environment as well as donating computer equipment to a local primary school, Dikgonnye Primary School. During the year under review, BOL continued to support the school through the connection of internet services and the donation of printer cartridges.

BOL also adopted Lephepe Primary school and for its inaugural activity donated two printers, sixty pairs of school shoes and learning aids. The Company also funded the surfacing of the school's netball and volleyball courts.

Cognisant of the value of its stakeholders, consultations with its varied stakeholders on a variety of issues was done in all BOL operational areas. Stakeholder consultations were undertaken at every level through regular briefings of the Shareholder, key players in the oil and gas industry, District Councils, community leaders, general kgotla meetings and various interest groups.

INTO THE FUTURE

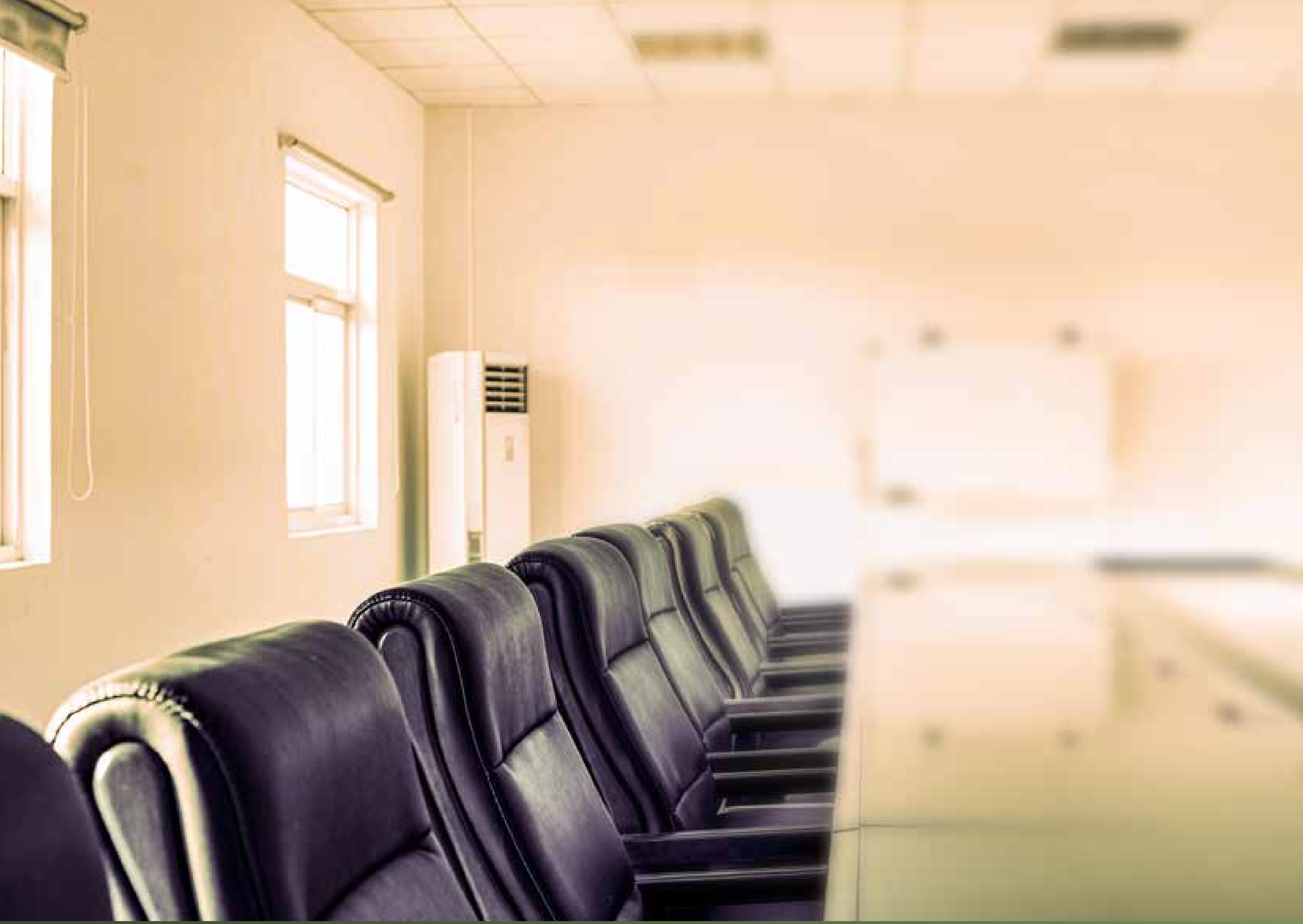
Following its unsuccessful application for an import licence, going forward, BOL will explore alternative business models to ensure the sustainability of the Company. Under the guidance of the Shareholder and the Board, it is my conviction that relevant legislative frameworks and other enabling instruments will come into existence and this will help BOL move away from the willing-buyer willing seller business model into a sustainable business model. The new five-year Corporate Strategy also emphasizes a shift towards sustainability.

APPRECIATION

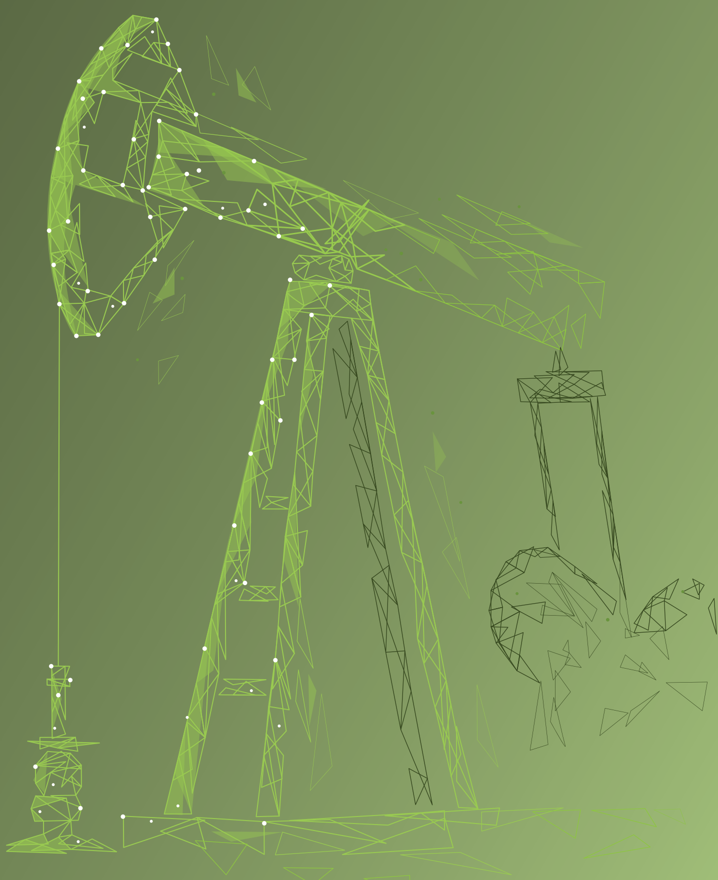
I would like to thank BOL's sole Shareholder (Botswana Government through Ministry of Mineral Resources, Green Technology and Energy Security), the Board, Management, Staff, Customers, Suppliers and all our other stakeholders for their selfless contribution to the growth of this Company. Without your contribution, in your various ways, BOL would not have come this far.

Le ka moso!

Meshack Tshekedi
Acting Chief Executive Officer



Executive Management Team



Fuelling Botswana

Executive Management

Left to right

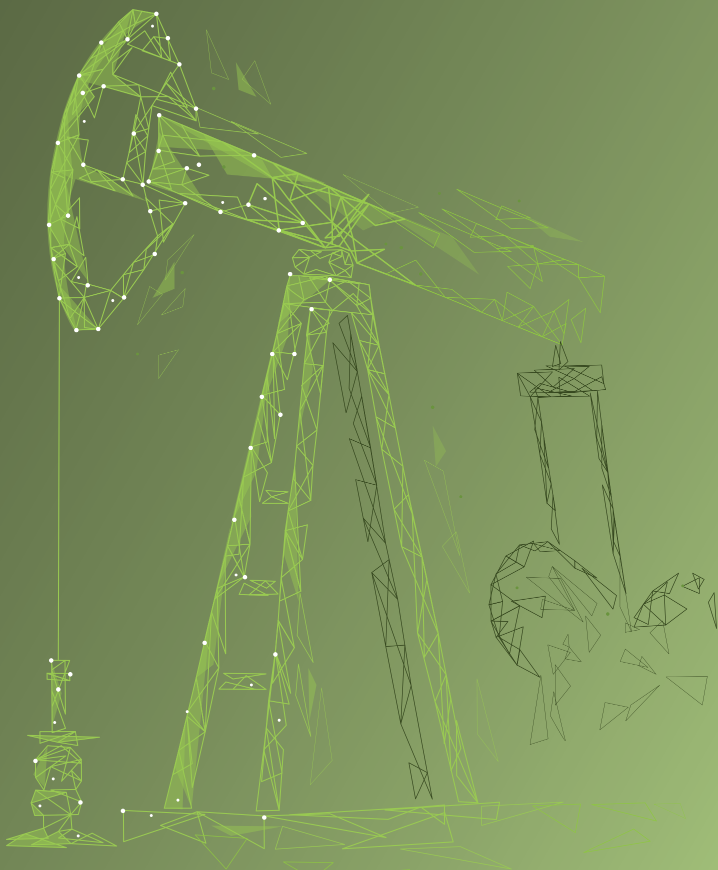
Mosetlho Kenamile
Acting Chief Operations Officer

Olivia Ramaselwana
Acting Chief Finance Officer

Meshack Tshekedi
Acting Chief Executive Officer

Modise Koofhethile
General Manager - Strategy and Business

Senior Management Team



Left to Right
Standing

1
Otlaabotsa Tsie
Head of Enterprise Risk

2
Gamu Mpofu
Head of New Ventures

3
Iven Segaise
Business Planning Manager

4
Bidoh Kgaimena
Head of Engineering Operations

5
Kagiso Gasennelwe
Acting Head of Legal and Company Secretary

6
Thabo Simon
Head of Supply Operations

7
Tebogo Eric
Head of Hydrocarbon Sourcing

8
Tshegofatso Kenosi
Head of Operations

9
Galeboe Mmelesi
Head of Information Communications Technology

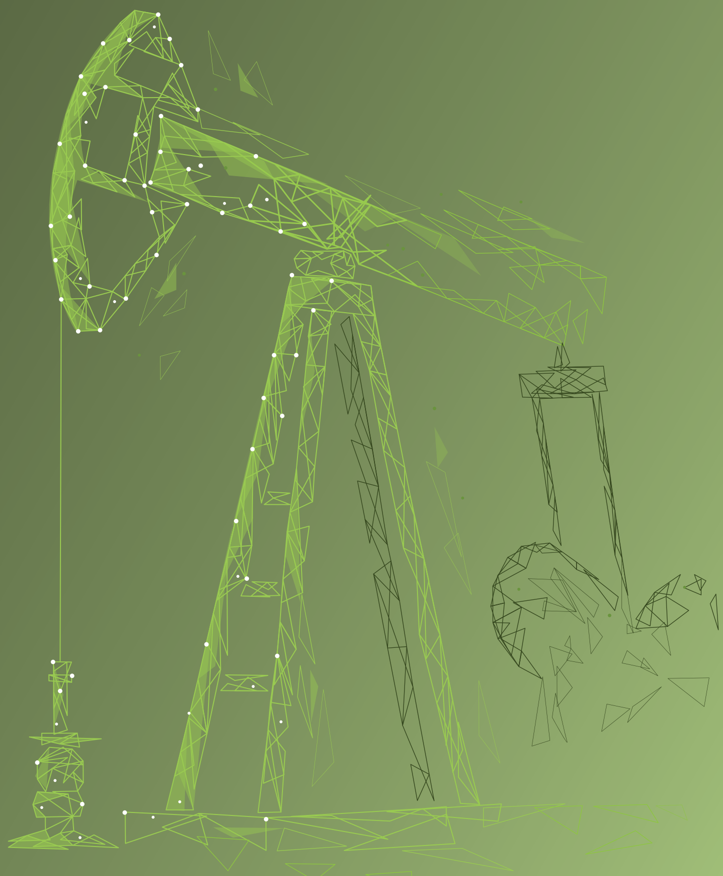
Left to Right
Sitting

1
Phatsimo Moeti-Joel
Head of Health, Safety, Security and Environment

2
Matida Mmipi
Head of Stakeholder Relations

3
Julia Batlhoki
Head of Human Capital

Operational Highlights



Fuelling Botswana

OPERATIONAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

Supply and Sales

For the review period, BOL realised an increase of 9% in sales volumes year on year the previous reporting period. The total volume traded during the year amounted to 95 million litres. Of this, 10% of the sales volumes were to Citizen Owned Oil Companies (COOCs) and 89% to International Oil Companies (IOCs) and 1% to others.

Through an internal analysis of market trends and processes BOL ensured uninterrupted distribution of fuel in the market. As a result, no fuel disruptions were experienced in the country. As is the tradition, BOL continues to be considered a back-up supplier by local Oil Marketing Companies (OMCs) which include IOCs, COOCs and selected strategic Government entities.

On average BOL managed to land product 20 thebe per litre lower than the slate during the year under review. A slate is a Botswana regulated pricing structure based on BFP model plus logistical cost to land petroleum product in Botswana (Gaborone and Francistown). One of the objectives of the pricing structure is to ensure that pricing is regulated and that there is a more or less same pricing for the consumers irrespective of where they are in Botswana.

The structure is regulated by the Government through BERA and is reviewed and updated on a monthly basis.

During the review period, the Company continued to negotiate supply contracts with International Traders and engaged in robust strategies to get improved margins. One of the major challenges that BOL encountered in its endeavour to bring product into the country were recorded in-transit losses. These were recorded from tankers, both rail and road which arrived at destination with broken seals. By the close of the year BOL was in talks with its various transporters to find a sustainable solution to this problem.

Mandated with ensuring the uninterrupted supply of petroleum products to the country, BOL delivered adequately on this aspect of its mandate. No fuel supply interruptions were recorded nationwide.

Currently, Botswana's combined storage facilities hold a combined 62 million litres capacity which translates to 18 days cover. The Government's strategic reserves were maintained at 10-11 days cover on average during the reporting period. The shortfall on the available capacity was as a result of the unavailability of some tanks which were out of service, and, or under maintenance.

Initiatives to enhance operational efficiency and increase these days were undertaken. The tank maintenance programme at both the Gaborone and Francistown depots continued during the year. Other significant projects to enhance the efficiency of the depots include the erection of additive infrastructure, integration of an automatic tank gauging system and improvements to the fire-fighting system.

BOL continued with its efforts to increase storage facilities to bring them to at least 60 days cover. The World Bank recommends 90 days cover for land-locked countries such as Botswana, to ensure the security of supply.

In its continued quest to ensure self-sufficiency in petroleum products as well as to facilitate access to petroleum products in all parts of the country, BOL progressed work on the development of alternative routes and sources, to mitigate the risk associated with sourcing product through only one source, South Africa. Management continued to engage with other National Oil companies (Namibia and Mozambique) to ensure that alternative routes are cost effective through their active working rules developed from the MOU signed between the entities (Namcor and Petromoc). When opportunities arise, BOL will be able to commit to these entities accordingly.

MAJOR PROJECTS

Francistown Depot Expansion Project

The project to expand the Francistown Depot from 35million litres to 95million litres remained suspended due to funding constraints. Following the takeover of the management of the Gaborone Depot from Puma in 2016, plans have been underway to take over the Francistown Depot as well. This is part of a holistic project to take over the operations and

OPERATIONAL HIGHLIGHTS

MAJOR PROJECTS (continued)

Francistown Depot Expansion Project (continued)

Ghanzi Depot Site

maintenance of the Government's Reserve Storages from multi-national companies under whose management these depots have been. The project also stalled due to funding challenges.

Tshele Hills Storage Project

Progress recorded included the completion of the rail-spur and access roads. Work on the construction of the depot was subsequently suspended due to funding challenges. The 171 million litre depot construction project is being carried out by the Ministry of Mineral Resources, Green Technology and Energy Security, together with BOL. The project is part of the Government's strategy to increase storage facilities to ensure the security of fuel supply in the country. By the close of the review period, various funding options were being considered, amongst them the Public Private Partnership model.

Ghanzi Depot Project

Progress towards the construction of this project was achieved during the review period. An Environmental Impact Assessment (EIA) was completed and a tender to fence the plot awarded. The fencing project completion date was scheduled for the next review period.

Gaborone Truck Staging Facility

A site was identified for the construction of the Gaborone Truck Staging Facility. The main objective for establishing the facility was to address traffic congestion along Haile Selassie Road as a result of trucks that queue to load or off-load at the BOL depot. The project was also suspended at contractor award stage due to funding challenges.

Coal/Gas to Liquids Project (XTL)

The BOL security of supply strategy includes the development of alternative routes and sources of supply of the product. In line with the NDP11 and Coal Road map to beneficiate Botswana's coal resources, BOL progressed the Coal/Gas-to-liquids project. BOL pre-qualified two companies that it will facilitate in the project.

The project, if successfully implemented, will see Botswana beneficiate its abundant coal reserves to the attainment of the national fuel self-sufficiency and security goal. The project will result in import substitution of petroleum products thereby ensuring security of supply. The project will also diversify the economy and create employment opportunities

Remote Areas Energy Centres

To promote access to petroleum products to remote areas which are traditionally not serviced by profit driven oil marketing companies, BOL progressed its Remote Areas Energy Centres (RAECs) project. The targeted areas to benefit from the project are

OPERATIONAL HIGHLIGHTS

ENTERPRISE RISK MANAGEMENT (continued)

not serviced by oil marketing companies as servicing them is not profitable.

RAECs are mobile filling stations which are less costly than traditional permanent filling stations. Following the development of standards to guide the construction of the mobile units during the previous review period, BOL proceeded to identify candidate areas for piloting. Phitsane Molopo and Sojwe were identified as the preliminary areas. By the close of the year, plans were underway to commence consultations with the identified areas leadership and residents. The selection criterion includes commercial viability, absence of other oil companies in the area, amongst others.

ENTERPRISE RISK MANAGEMENT

Effective risk management is part of the BOL corporate culture. It is through this culture that the Company plans to build shareholder confidence and enhance corporate governance. To ensure the sustainability of this culture the Company has ensured accesibility to and compliance with internal policies and procedures, applicable laws, regulations, contractual obligations and stakeholder covenants. These, BOL has found to be key to the sustained and continued growth of the Company. Through the Board of Directors and the Finance, Audit and Risk Committee (FARC), Executive Management continually monitor and assess high risk areas and develop strategies and action plans to reduce overall risk exposures.

During the year under review BOL placed emphasis on:

- Development and implementation of a robust Know-Your-Customer (KYC) screening procedure which is a control used in the detection, prevention and disruption of financial crime and sanctions risk;
- Information sharing by providing BOL staff access to an electronic central repository where all Board approved policies are stored;
- Review of end-to-end business processes involving business units and departments with an aim of developing an overarching Operating Management System (OMS) focused on consistently meeting customer requirements and enhancing their satisfaction.

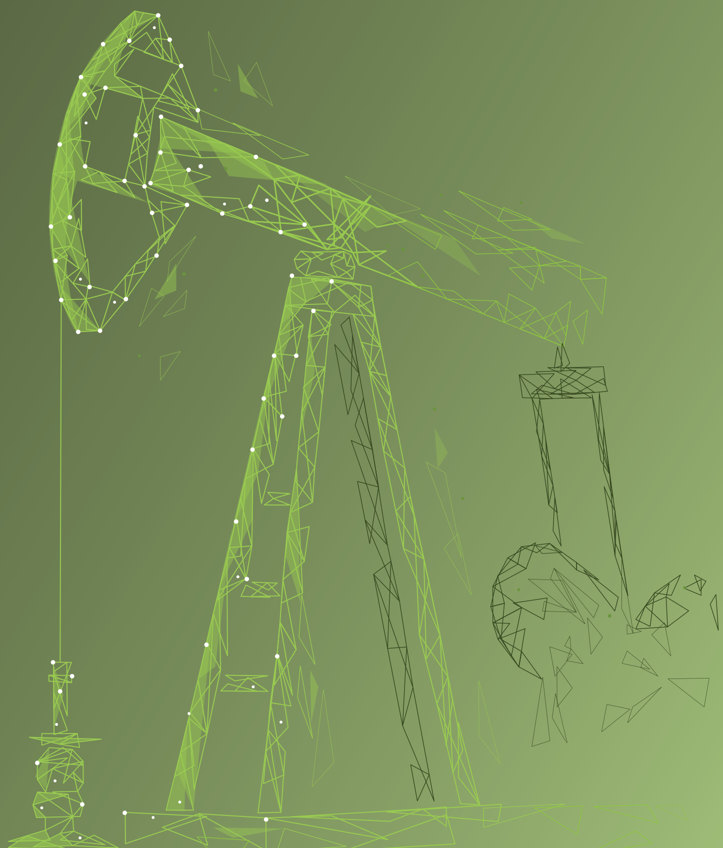
Going forward BOL will focus on the following to strengthen this function:

- Business continuity planning with a focus on depot operations and ICT recovery;
- Development of a holistic internal control environment through synergies, exchanges and reviews between the various operational functions;
- Establishment of risk guidelines through the application of a comprehensive Risk Appetite Statement (RAS) which articulates the types and amount of risk the Company is willing to accept in order to achieve strategic objectives approved by the Board;
- Launch of the Operating Management System (OMS).

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

To enhance its operations, BOL implemented new technologies to support the Company's operations holistically and create business value. One of the Company's flagship systems is the Enterprise Resource Planning (ERP) software, being SAP OiO. The system assisted to enhance staff productivity and improve overall quality of the Company's services.

Stakeholder Management and Corporate Social Responsibility



Fuelling Botswana

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Guided by its Corporate Social Responsibility and Stakeholder Management Policy, BOL maintained a significant community presence and implemented projects aimed at making the Company an exemplary corporate citizen. Stakeholder consultations were undertaken at every level through regular briefings of the Shareholder, key players in the oil and gas industry, District Councils, community leaders and various interest groups. The Company's ***"Fuelling Botswana"*** campaign gained momentum through a twelve-week radio programme. The campaign sought to position BOL as a strategic player in the development of Botswana's economy. Beyond giving BOL brand exposure, the campaign provided public education and awareness on the oil and gas industry, the available opportunities across the value chain as well as safety in handling oil products.

In its quest to give back to the community and maintain presence in the communities it has become part of, BOL supported various projects and individuals. Its major footprint was in educational development. Through its CSR programme, BOL donated a printer, nine computers, a one-year internet subscription and stationery to Dikgonnye Primary School. The Company also adopted Lephepe Primary School. Initiatives aimed at improving the learning environment in the school and eventually the school leaving certificate results were agreed with the adopted school and implementation will commence in the new reporting period.

BOL also supported various deserving causes through the year, amongst them local bulk transporters. BOL, in conjunction with Sasol hosted a workshop to educate the transporters on available business opportunities at Sasol and pre-requisites for qualification to load and transport product from Sasol managed depots. Following this workshop, work is underway for Sasol to include local transporters in its database.

During the review period and in a bid to empower citizens in the oil and gas industry, BOL reserved some tenders for emerging citizen companies.

Our Employees

BOL prides itself in its culture of high performance. Employees are encouraged to adhere to the values of the Company that shape its brand. In order to support and encourage staff to live its values, the Company has introduced all rounded performance awards where outstanding performers are recognised and celebrated quarterly and annually for various categories aligned to the culture of high performance.

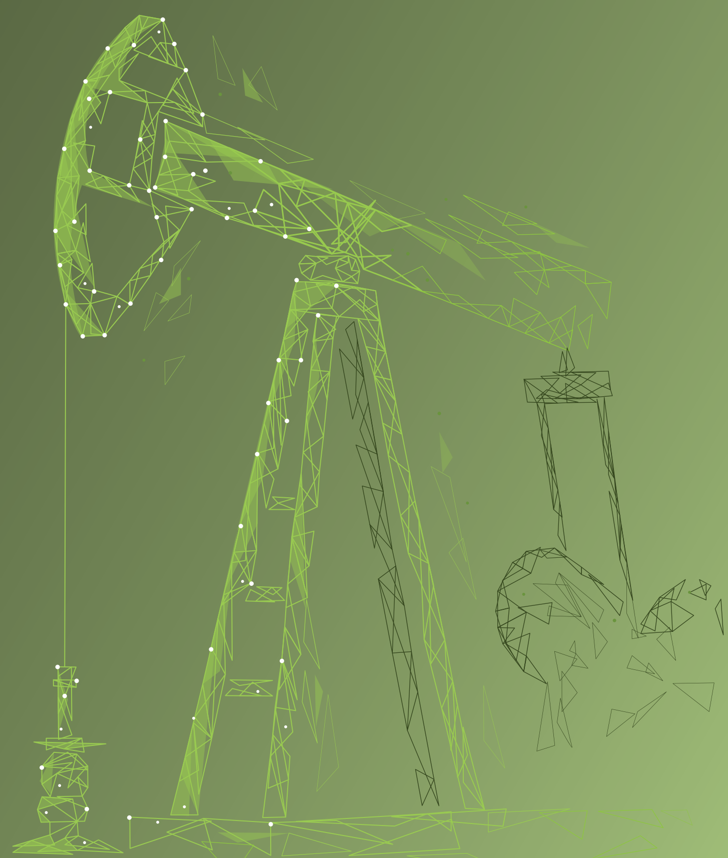
The Company has developed a talent management framework where key positions have been identified. The framework will assist in the management of staff identified as key talent for the Company with a view to improving their retention and maximization of their capabilities.

The Company thrives to ensure its employees are healthy by facilitating fitness activities, healthy eating as well as having awareness of the safety and security of their environment.

The Company supports the Government's initiatives of engaging interns to provide them with work experience and groom them for the labour market. During the review period, eight interns were engaged, and one left for an employment opportunity within the labour market.

By the close of the reporting period, the Company had fifty-four (54) employees. The Company recorded a 5% staff turnover.

Health Safety Security Environment and Quality



Fuelling Botswana

HEALTH SAFETY SECURITY ENVIRONMENT AND QUALITY

Since establishment, the Company has maintained Goal Zero with 1,460 days without employee Lost Time Injury (LTI). During the review period, overall, the Company recorded a satisfactory HSSEQ performance with one (1) significant incident of employee LTI recorded during the last quarter.

The Company's HSSEQ key performance indicators/targets are aligned to the organisational strategic objectives. The objective of these indicators is to guide the organisation in achieving the Company's HSSEQ Commitment of Goal Zero, which translates to:

- Protect personnel,
- property,
- environment,
- information and reputation against security threats as well as
- deliver quality goods and services.

Table 2: HSSE Key Performance Indicator's for Year to Date

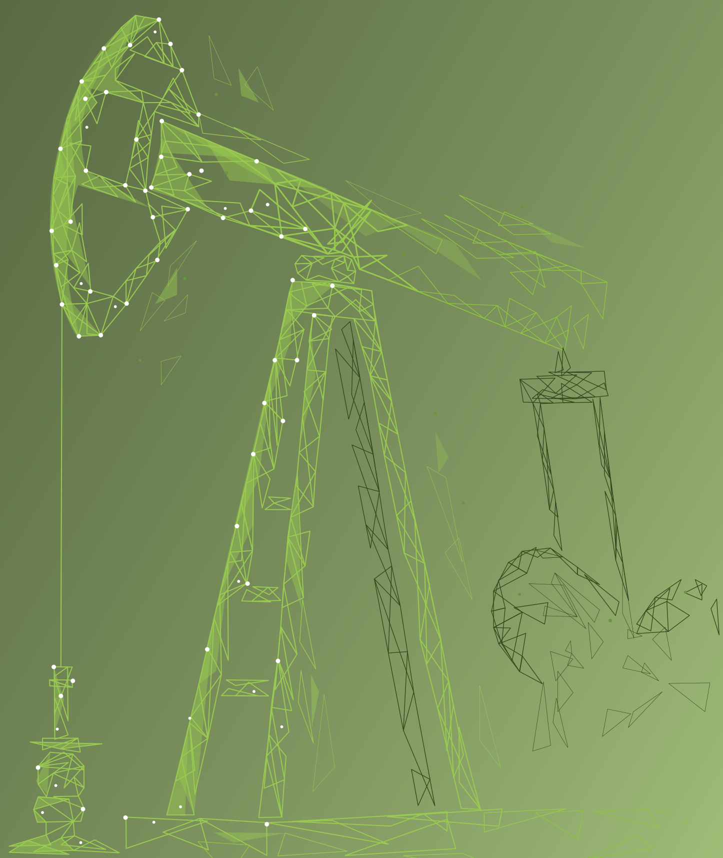
Key Performance Indicators	KPI/Measure	Target 2017/18	Actual 2017/18	Actual Mar 2019	YTD Mar 2018/2019	COMMENTS
Promote adherence to HSSE policy and stewardship	Days Without LTI	365 days	365 days	9 days	9 days	BOL sustained LTI during wellness day on 22nd of March 2019
	LTIFR	0	0	19.5	1.63	After 4 years of maintaining Goal Zero (1460) BOL suffered a Lost time injury with 42 days away from work.
	No of spills >100L	0	0	0	0	
	No of recordable cases	0	0	0	0	
	No of fatalities	0	0	0	0	
	No of significant HSSE audit findings	2%	0	0	0	

Work on setting up the HSSEQ Management System which commenced during the previous reporting period progressed during the reporting period. The structure of the HSSEQ MS is based on the following:

- ISO standards: **ISO 45001**: Occupational Health and Safety management
- **ISO 14001**: Environmental Management,
- **ISO 9001**: Quality Management, Process Safety Management, Responsible Care and any other applicable standards.

Through these varied initiatives, BOL's objective is to attain good HSSEQ performance, to earn the confidence of customers, shareholders and society.

Audited Financial Statements



Fuelling Botswana

CONTENTS

CORPORATE INFORMATION
For The Year Ended 31 March 2019

Registration number

CO2011/10626

Nature of Business
Botswana Oil Limited serves as the Government of Botswana's transformation agent and is mandated to ensure security and efficiency of supply of petroleum products for Botswana, to manage state-owned strategic fuel reserve facilities and to facilitate participation of citizen emerging companies in the petroleum sector.

Directors

Joel Sentsho	Chairman (Re-appointed 01st August 2018)
Reetsang Willie Mokgatlhe	Member / CEO (Resigned 30 September 2018)
Golekanye Rabasha	Member (Term expired 01 February 2019)
Batsho Dambe-Groth	Member (Term expired 01 February 2019)
Mbako Mbo	Member (Resigned 31st May 2018)
Ogomoditse Maruapula	Member (Term expired 01st February 2019)
Meshack Tshekedi	Member / CEO (Acting) (Appointed 01st October 2018)
Molosiwa	Member (Appointed 01st August 2018)
Caroline Setshedi Botlhole-Mmopi	Member (Appointed 01st August 2018) Kesetsenao
Seabo Keorapetse	Member (Appointed 01st August 2018)

Registered Office
Plot 54373,
Petroleum House
Matante Mews,
Central Business District

Company Secretary
Desert Secretarial Services (Pty) Ltd
Plot 64518,
Fairgrounds Office Park,
Gaborone

Auditors
PricewaterhouseCoopers
Plot 50371,
Fairground Office Park, Gaborone.

Bankers
Stanbic Bank of Botswana
Banc ABC
Standard Chartered Bank Botswana Barclays Bank Botswana
First National Bank Botswana

(The financial statements are expressed in Pula, the currency of Botswana)

STATEMENT OF DIRECTORS' RESPONSIBILITY
For The Year Ended 31 March 2019

The directors of Botswana Oil Limited are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

The company maintains systems of internal controls, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of company assets. The directors are also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual financial statements set out on pages 44 to 70 were authorised for issue by the Board of Directors on 5 March 2020 and are signed on its behalf by.

Acting Chief Executive Officer
Meshack Tshekedi

Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER

Our opinion
In our opinion, the financial statements give a true and fair view of the financial position of Botswana Oil Limited (the "Company") as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited
Botswana Oil Limited's financial statements set out on pages 36 to 70, comprise:

- the statement of financial position at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ***International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*** issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The matter detailed below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER
KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for Security of Supply Margin	
During the 2018 financial year, the Government of Botswana approved the introduction of a Security of Supply Margin ("SSM") to be included in the retail price of fuel sold in the country. During that and the current financial year, the SSM was collected at retail level by fuel retailers and paid into a bank account maintained in the Company's name specifically for this purpose. In the prior financial year, the Company elected to treat the SSM as a non-distributable reserve in equity in its statement of financial position on the basis that the SSM was to be used for capitalisation of the Company. Subsequent to the end of the current financial year, the Ministry of Mineral Resources, Green Technology and Energy Security ("MMGE") informed the Company that the it was inappropriate for the SSM moneys to be collected directly for the Company's account, and that such moneys should have been collected directly into a designated account at Bank of Botswana in favour of the Government of Botswana, with distributions from such account being made at the sole discretion of the MMGE as shareholder representative. Such position was premised on the legal framework through which the Government of Botswana made the decision to introduce the SSM, which legal framework had been long-established and was applicable at the original date of introduction of the SSM. This was also confirmed through independent legal opinion obtained by the Company. Accordingly, while the Company had accounted for all SSM receipts directly into equity, these amounts represented amounts collected on behalf of Government of Botswana and should have been included in liabilities until (and if) allotments to the Company were approved and made therefrom by the MMGE. This change in accounting for the SSM has been corrected through a prior year restatement in the current financial year.	We read correspondence between the Company and the MMGE regarding operation of the SSM to gain an understanding of the operating framework for implementation as articulated by the MMGE. Such correspondence confirmed that the SSM funds collected were to be placed under control of the MMGE, to be disbursed to the Company only upon specific approval by the MMGE. We confirmed, by reading and understanding the independent legal opinion prepared for the Company, that it was based on information available at the time of the implementation of SSM and on legislation applicable at that time. The independent legal opinion concluded that– based on the manner in which the SSM was constituted under legislation enacted at that time - SSM moneys received should have been collected into a bank account held in the name of the Government of Botswana. Together with our IFRS accounting experts, we assessed whether it was appropriate for the Company to change accounting for the SSM on a retrospective basis and concluded that such accounting was appropriate under IFRS. We tested SSM amounts received from national and international oil companies for the financial year by: • agreeing sales volumes underpinning amounts received to sales analyses prepared by the remitting companies; • agreeing amounts received to the Company's bank records; and • assessing reports issued by independent auditors of the remitting companies detailing the results of procedures which had been performed on the completeness and accuracy of amounts remitted. Our tests did not identify any material exceptions. We tested to ensure that amounts paid from the bank account maintained for SSM funds during the financial year were supported by correspondence and other appropriate documentation and found no exceptions.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER
KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for the SSM was a matter of most significance to the current year audit due to the materiality of the amounts involved and the judgement applied in changing the accounting for SSM on a retrospective basis. The key disclosures relating to fair value assessments are set out in the financial statements in the following notes: • Critical accounting estimates and assumptions (Accounting for Security of Supply Margin (SSM) and utilization of SSM Reserve) • • Note 12, Cash & Cash Equivalents • Note 15, SSM liability • Note 23, Restatement	We confirmed the year-end balance in the bank account maintained for SSM receipts directly with the Company's bank.

Other information

The directors are responsible for the other information. The other information comprises the information included in the ***Botswana Oil Limited Annual Financial Statements for the year ended 31 March 2019***, but excludes the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER
Auditor's responsibilities for the audit of the financial statements (continued)

are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pricewaterhousecoopers

Practising member: Rudi Binedell
Membership number: 20040091

5 March 2020
Gaborone

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 March 2019

	Note	2019 P	2018 P
Revenue	1	649,142,253	539,258,815
Cost of sales		(627,156,388)	(531,161,678)
Gross profit		**21,985,865**	**8,097,137**
Other operating income	2	7,691,777	256,582
Administrative expenses		(65,235,135)	(61,947,245)
Loss from Operations		**(35,557,493)**	**(53,593,526)**
Finance income	3	4,001,843	2,786,640
Finance cost	3	-	(1,317,041)
Loss before income tax expense	4	**(31,555,650)**	**(52,123,927)**
Income tax expense	5	-	(5,084,743)
Loss after income tax expense		**(31,555,650)**	**(57,208,670)**
Other comprehensive income		-	-
Total comprehensive income		**(31,555,650)**	**(57,208,670)**

BOTSWANA OIL LIMITED STATEMENT OF FINANCIAL POSITION

For The Year Ended 31 March 2019

ASSETS	Note	2019 P	2018 P (Restated)
Non Current Assets			
Property, plant & equipment	6	4,278,243	5,004,326
Intangible assets	7	4,711,221	6,576,506
		8,989,464	11,580,832
Current Assets			
Inventories	9	7,493,887	24,317,710
Trade and other receivables	10	27,520,135	20,890,440
Investments	11	5,806,897	-
Cash and bank balances	12	304,363,156	208,234,840
		345,184,075	253,442,990
Total Assets		**354,173,539**	**265,023,822**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	13	163,743,062	113,127,939
Shares awaiting allotment	14	100,000,000	-
Retained earnings		(107,960,017)	(75,413,171)
		105,167,922	37,714,768
Current Liabilities			
SSM liability	15	163,743,062	133,466,179
Shareholder's product loan	16	3,212,816	9,652,112
Government advances	17	37,147,767	43,783,125
Trade and other payables	18	44,901,972	40,407,638
		249,005,617	227,309,054
Total Liabilities		**249,005,617**	**227,309,054**
Total Equity and Liabilities		**354,173,539**	**265,023,822**

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 March 2019

	Stated Capital P	Retained earnings P	Total Equity P
Balance as at 1 April 2017	1	(18,204,501)	-18,204,500
Issue of shares	113,127,938		113,127,938
Profit for the year	-	(57,208,670)	-57,208,670
Total comprehensive income for the year	-	(57,208,670)	-57,208,670
Balance at 31 March 2018	**113,127,939**	**(75,413,171)**	**37,714,768**
Balance as at 1 April 2018	113,127,939	(75,413,171)	37,714,768
IFRS 9 adjustment	-	(991,196)	-991,196
1 April 2018 Restated	113,127,939	(76,404,367)	36,723,572
Movement Awaiting allotment	100,000,000	-	100,000,000
Profit for the year	-	(31,555,650)	-31,555,650
Total comprehensive income for the year	-	(31,555,650)	-31,555,650
Balance at 31 March 2019	**213,127,939**	**(107,960,017)**	**105,167,922**

STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2019

	Note	2019 P	2018 P
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before Income tax expense		(31,555,650)	(52,123,927)
Adjustments for :			
Profit on disposal of assets		(13,200)	-
Depreciation	6&7	3,518,205	3,675,815
Product loan - drawn from Government reserves	16	(6,439,296)	(54,780,775)
Commercial stock from converted to equity	14	-	113,127,939
Interest income	3	(4,001,843)	(2,741,691)
Cash flows before working capital changes		(38,491,784)	7,157,361
Inventories	9	16,823,823	(14,296,085)
Trade and other receivables	10	(7,620,891)	53,110,525
Movement in money market Investments	11	(5,806,897)	-
Trade and other payables	18	4,494,339	(54,598,863)
Net cash utilised in operations		(30,601,410)	(8,627,062)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment	6	(571,300)	(1,186,911)
Acquisition of intangible assets	7	(361,522)	(401,641)
Proceeds from disposal of assets		19,180	
Interest received	3	4,001,843	2,741,691
Net cash generated from investing activities		3,088,201	1,153,139
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash injection by the shareholder	14	100,000,000	-
Movement in government advances for Ghanzi projects	17	(450,069)	5,862,890
Movement in government advances for Francistown projects	17	(6,194,270)	(21,131,339)
Government procurement loan received			78,960,670
Government procurement loan utilised	17	8,981	(74,736,978)
Net cash generated from financing activities		93,364,642	(11,044,757)
Net increase / (decrease) in cash and cash equivalents		65,851,433	(18,518,680)
Unrestricted cash and cash equivalents at the beginning of the year		74,768,661	93,287,341
Unrestricted cash and cash equivalents at the end of the year	12	**140,620,094**	**74,768,661**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended 31 March 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL

Botswana Oil Limited ("BOL"/ the "Company") is a company incorporated in the Republic of Botswana. The address of its registered office and principal place of business is disclosed in the corporate information section of the financial statements. The company undertakes bulk sale of petroleum products to customers. The current customer base consists of citizen owned companies and international oil companies active in the local market.
The company's financial statements were authorised for issue by the Board of directors.

2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention and on a going concern basis. The principal accounting policies applied in the preparation of the company financial statements are set out below. These policies have been consistently applied in the last year, unless otherwise stated.

The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

2.1 Changes in accounting policies

New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The Company had to change its accounting policies and make certain transitional adjustments following the adoption of IFRS 9. This is disclosed in note 11. The other amendment listed above (IFRS 15) did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

IFRS 9 Financial Instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

In July 2014, the IASB made further changes to the classification and measurement rules and introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments;
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment loss and applies the effective interest rate method.

A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12-month

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

2.1 Changes in accounting policies (continued)

ECL (or lifetime ECL for trade receivables).
The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a transition date of 1 April 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of the standard, the Company elected not to restate comparative figures. The comparative period notes disclosures repeat those of disclosures made in the prior period. Any adjustments to the carrying amounts of financial assets at the date of transition were recognised in the opening retained earnings. The Company does not hedge its financial risks and therefore hedge accounting is not relevant. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. Set out below are disclosures relating to the impact of adoption of IFRS 9 on the Company.

Classification and measurement of financial instruments

There were no changes to the classification and measurement of financial liabilities. The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 at 1 April 2018 are compared as follows:

Financial Assets	IAS 39		IFRS 9	
	Measurement Category	Carrying Amount (P)	Measurement Category	Carrying Amount (P)
Cash & cash equivalent	Amortised cost (Loan and receivables)	208 234 840	Amortised cost	208 234 840
Trade & other receivables	Amortised cost (Loan and receivables)	11 004 876	Amortised cost	10 013 680
TOTAL		**219 239 716**		**218 248 520**

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2018:

Impairment loss	Amount (P)
At 1 April 2018 – calculated under IAS 39	987 220
Amounts restated through opening retained surplus – Transitional IFRS 9 Adjustment	991 196
Opening loss allowance as at 1 April 2018 – calculated under IFRS 9	**1 978 416**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

2.1 Changes in accounting policies (continued)

Adoption of IFRS 15: Revenue from Contracts with Customers

IFRS 15 replaced the previous revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 introduces a five-step approach to revenue recognition. Far more prescriptive guidance has been added to deal with specific scenarios.

Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or service transfers to a customer.

Management has concluded that as at 31 March 2019 this standard had no effect on the Company because of the following business model:

- Company operates a willing buyer willing seller model which gives great resistance to commitment to contracts on part of IOCs, as they use Company as backup as there already have standing contracts with their sister companies in South Africa.
- Company uses previous month's pricing throughout the current month and only adjusts prices at the end of each month after unit rates are published by passing a credit note or debit note. For this reason, the transaction price is only determined at month end and this pricing philosophy is understood and agreed by the parties involved.
- Company also sells to Citizen entrepreneurs' companies on a cash basis and there are no contracts in place.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 – Leases (Effective for Annual periods beginning on or after 1 January 2019)

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use of asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Effective for Annual periods beginning on or after 1 January 2020).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

2.1 Changes in accounting policies (continued)

Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: (Effective for Annual periods beginning on or after 1 January 2020).

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Management is currently assessing the impact of the standard. Preliminary indications are that the impact is unlikely to be material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended 31 March 2019 (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

Property, plant and equipment and intangible assets

Property Plant & Equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and are expected to be used during more than one period.

Intangible assets consist of computer software, including the SAP-Oil-in-one system.

Costs include costs incurred initially to acquire or construct an item of property plant and equipment or to acquire or develop intangible assets, and costs incurred subsequently to add to, replace part of, or service it.

Property, plant and equipment and intangible assets are carried at costs less accumulated depreciation and accumulated amortization (respectively) and after accounting for any impairment losses. Depreciation and amortization are provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment and intangible assets, which is as follows.

Item	Useful lifetime
Leasehold Improvements	Over the operating lease period
Buildings – Porto-cabins	10 years
Plant & Machinery	7 years
Furniture and Fixtures	10 years
Motor Vehicles	4 years
Office Equipment	7 years
IT equipment	4 years
SAP-Oil-in-one	5 years
Software's	4 Years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended 31 March 2019 (continued)

Property, plant and equipment and intangible assets (Continued)

The residual values and useful lives of property, plant and equipment and intangibles are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial assets

In respect of assets that are subject to depreciation or amortisation, the company assesses at each reporting date whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An asset's recoverable amount is the higher of its fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying values exceed the estimated recoverable amounts, the tangible assets concerned are written down to their estimated recoverable amounts. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Related party transactions

Related party transactions are transfer of resources, services, or obligations between related parties, regardless of whether a price is charged. In the case of BOL a related party can be the shareholder being the Government of Botswana through the Ministry of Minerals Resources, Green Technology and Energy Security (MMGE).

Prior to entering into any transactions, the drawn contract is reviewed by the company's Head of Legal & Company Secretary. The company's board members then give the final approval.

BOL's policy is to disclose all transactions done with the related parties including those of key management personnel as per IAS 24 requirements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides goods or services directly to a debtor with no intention of trading the receivable and are carried at amortised cost using the effective interest rate method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

Loans and receivables (continued)

They are included in current assets, except for maturities greater than 12 months after the reporting date; these are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

MONEY MARKET FUNDS

The Company classifies its investments in debt and equity securities, and related derivatives, as financial assets at fair value. Financial assets designated at fair value at inception are those that are managed, and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The company has an investment of its employee's gratuity with a professional fund manager Botswana Insurance Fund Management (BIFM). The investment is a Capital Preservation Fund in Unit trust and was effected on the 1st of September 2018 for a 2year contract period at a fee rate of 0.45% VAT exclusive. The interest varies depending on the performance of the market.

De-recognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- the right to receive cash flows from the asset has expired:
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first- in, first-out (FIFO) basis and is the net of the invoice price, insurance, freight, customs duties and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

Trade receivables

Trade receivables excluding VAT and prepayments are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their onboarding terms give rise, on specified dates to cash flows that are solely payments of principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowances.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended 31 March 2019 (continued)

Impairment loss allowance

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable less provision for impairment.

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, and are of short term.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank borrowings.

Stated capital

Ordinary shares are classified as equity and stated at the fair value of the consideration received. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended 31 March 2019 (continued)

Provisions

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee benefits

a) The company operates a defined contribution retirement fund. The company's contributions to the fund are charged to the statement of comprehensive income in the year to which they relate.

Severance benefits are payable in terms of the Employment Act to all employees not belonging to the retirement fund. These benefits are recognised when they accrue to the employees.

b) The company previously maintained an accrued liability of the employee's gratuity in the bank accounts of the Company. In this current financial the company has a money market fund on employee's gratuity with Botswana Insurance Fund Management (BIFM). The company's contributions to the fund are charged to the statement of comprehensive income in the year to which they relate and a payable is created.

The company recognizes the investment as both an asset and liability in the books of accounts for disclosure purposes. Movement in the funds of monthly charges and interest earned are also recognized as part of the investment. BOL recognises that it is liable to the employees for the gratuity despite investment with 3rd parties, that the investment does not exonerate it from its obligations.

c) Other employee entitlements like annual leave, and bonuses are recognised when they accrue to employees as well. The company recognises a liability and expense for bonuses based on contractual and constructive obligations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, relevant levies. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

(a) Sales of goods – fuel

The entity sells Petrol, Diesel and Illuminating Paraffin from the Government storage. Sales are recognised when the product has been loaded to the customers' tankers at the product uplift point at which point the risk and rewards of ownership is transferred to the buyer. The quantity of the product shall be determined as per the facility managers' report at loading point and the tankers will be sealed before departure. There are no unfulfilled obligations that would affect the buyers' acceptance of the product.

(b) Sales of Services - Management fee - Fuel procurement

The entity sources fuel on behalf of the Government to replenish the Government Reserve Stocks

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

Revenue recognition (continued)

managed by the entity. These costs are borne by the Government through the Ministry of Mineral Resources, Green Technology and Energy Security. The entity earns a supply margin for the service provided.

Cost of sales

Cost of sales represents the purchase cost of fuel for resale, duties, levies and includes all overheads appropriate to the sale.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in other comprehensive income. In this case, tax is also recognised in other comprehensive income.

The current income tax ch ct to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized, otherwise it is not recognized

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

Market risk

(i) Foreign currency risk

The company principally operates in Botswana and uses the pula as the reporting currency. The company is exposed to foreign exchange rate fluctuations arising primarily with respect to Unites State Dollar, Great British Pound and South African Rand. Foreign exchange risk arises from import of fuel. However, as the financial instruments held in foreign currencies are denominated in the functional currencies of the respective trading partners, the company`s risk to foreign currency fluctuations is largely mitigated through the operation of such natural hedges.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

At 31 March 2019 the company's financial assets and liabilities denominated in foreign currencies are:

	2019 Debit/(Credit)	2018 Debit/(Credit)
Bank balances		
United States Dollar	30 380	2 654
South African Rands	428 292	26 549
Trade payables		
United States Dollar	(0)	(950 289)
Great British Pound	(74,262)	
South African Rands	(19,504,380)	(7 787 568)

At 31 March 2019, if the Botswana Pula had strengthened/weaken by 10% against the GBP with all other variables held constant, post-tax profit for the year would have been P7 4262 (2018:Nil) higher/ lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank balances and payables.

At 31 March 2019, if the Botswana Pula had strengthened/weakened by 10% against the ZAR with all other variables held constant, post-tax profit for the year would have been P1, 950 438 (2018: P 605 359) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank balances and payables.

(ii) Cash flow and fair value interest rate risk

The company`s exposure is limited to cash flow interest rate risk arising from the cash and cash equivalents held with banks and their investment in money market funds. The cash flow varies according to movements in underlying market rates.

The balances held with counter parties are callable at the option of the company and are exposed to an insignificant risk of change in value. The counterparties are generally with financial institutions of high repute only. These include subsidiaries of international and regional institutions.

Amount subject to cash flow interest rate risk.

	2019 (P)	2018 (P)
Stanbic Bank Botswana Limited	277 115 083	179 611 583
First National Bank Botswana Limited	2 594 799	2 834 135
African Alliance Botswana	24 140 183	23 158 874

(iii) Price risk

As disclosed in Note 15.1 to the financial statements, the outstanding quantity of fuel loaned from the Government strategic reserve at the year-end date was 491 487 million litres. The monetary value of drawdowns on this loan is determined with reference to the value of fuel drawn from Government reserves measured at the published slate price per litre on the day of drawdown. Subsequently, the value of this liability will fluctuate based on changes in the published slate price per litre. During the

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

Market risk (continued)

(iii) Price risk (continued)

current financial year, the company accounted for a gain of P 3 656 047 (2018: P 7 338 909 loss) through decrease of this liability as a result of increases in the published slate price per litre subsequent to the initial drawdown.

(iv) Credit risk

The financial assets of the company which are subject to credit risk consists mainly of cash resources and debtors. Cash resources are placed with reputable financial institutions. Financial institutions are not rated, however the company`s policy is to hold cash resources in subsidiaries of rated United Kingdom and South African Banks. The company does not have significant credit risk form its trade receivables as it ensures that sales of petroleum products and services are made to customers with appropriate credit history and vetting. The utilization of credit limits is regularly monitored. The company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. This lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors and focuses in the near future.

The Board has delegated responsibility for the oversight of credit risk to the CEO and the heads of business units.

The maximum amount subject to credit risk as at 31 March 2019.

Age bucket	Current	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	121 to 150 days past due	More than 121 days past due
Expected loss rate	0%	0%	0%	0.667%	7.998%	95.980%
Gross carrying amount	15 691 217	152 709	-	-	-	1 026 678
Loss allowance	-	-	-	-	-	985,402

	2019 (P)	2018 (P)
Cash and cash equivalents	304 363 156	208 234 840

Cash, cash equivalents and similar deposits are placed with financial institutions of high repute only. The company monitors the outcomes of regulatory inspections and reports with respect to these counter parties. The company is not aware of any facts and circumstances which would indicate that the counterparty is exposed to such risks beyond those normally associated with such relationship.

In respect of trade customers, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. For some of the trade receivables the entity may obtain security in the form of guarantees, lien over property, where necessary.

The company's management considers all financial assets which were fully performing and past due for each of the reporting dates under review as being of good quality.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended 31 March 2019 (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The company manages its liquidity needs by carefully managing cash outflows due in day to day business and by ensuring that borrowing facilities could be made available at short notice from their principal banker Stanbic Bank Botswana Limited. The entity currently has sufficient cash flows to manage its operations.

The table below analyses the company's financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2019	Total P	Less than 1 year P	Between 1 and 2 years P	Between 2 and 5 years P
Trade and other payables (excluding statutory liabilities)	37 677 817	37 677 817	-	-
At 31 March 2018				
Trade and other payables (excluding statutory liabilities)	39 392 340	39 392 340	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Year Ended 31 March 2019 (continued)

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities approximates their carrying amounts at the balance sheet date.

The entity makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgemets are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Useful lives and residual values of property, plant and equipment

The Company annually assesses the appropriateness of the useful life and residual value estimates. The estimated residual values of the property, plant and equipment have been determined by the Company's directors based on their knowledge of the industry.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

i. Choosing appropriate models and assumptions for the measurement of ECL;
ii. Establishing groups of similar financial assets for the purposes of measuring ECL.

Accounting for Security of Supply Margin (SSM) and utilization of SSM Reserve

Background

The Security of Supply Margin (SSM) was introduced by Cabinet through a Cabinet Directive CAB19(B)/2017 in response to a cabinet memorandum which was seeking to capitalise BOL. The SSM is measured at P0.175 per litre on all regulated petroleum products from 11 July 2017. The SSM was collected at retail level by fuel retailers and paid to the Company from inception.

Accounting Treatment

SSM moneys collected by BOL on behalf of its shareholder (represented herein by the Ministry of Mineral Resources, Green Technology and Energy Security) is administered through a separate bank account held in the Company's name. These funds are accounted for as a liability by the Company, unless such funds are specifically disbursed to the Company, at which time such disbursements are treated as equity. This accounting treatment aligns most closely with the shareholder's understanding of treatment of these public funds.

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

		2019 P	2018 P
1	**Revenue**		
	Sale of petroleum products	649,142,253	539,258,815
		649,142,253	250,385,746
2	**Other operating income**		
	Extraordinary Gain from Fixed Asset Retirement	13,200	-
	Management fee from replenishing strategic reserves	7,653,380	14,015
	Tender fee	15,375	175,201
	Other income	9,822	67,366
		7,691,777	256,582
3	**Finance income and costs**		
	Finance cost		
	Exchange loss - realised	-	(1,317,041)
	Loss on initial recognition of loan Government	-	-
		-	(1,317,041)
	Finance income		
	Interest income on call deposit	3,874,724	2,741,691
	Exchange gains - unrealised	92,748	-
	Exchange gains - realised	34,371	44,949
		4,001,843	2,786,640
	Net finance income	4,001,843	1,469,599
4	**Profit before income tax is stated after charging the following items:**		
	Auditors' remuneration - audit fees	(346,200)	(306,750)
	Depreciation	(3,518,205)	(3,675,815)
	Directors' fees	(127,950)	(127,371)
	Salaries and allowances	(25,846,987)	(24,508,438)
	Gratuity, pension and severance	(5,597,649)	(5,059,502)
	Lease rental expense	(2,199,114)	(1,148,243)
	Cost of inventories expensed	(627,156,388)	(531,161,678)
5	**Income tax expense**		
	Deferred income tax charge	-	(11,420,089)
		-	(11,420,089)
	The entity is liable to income tax at the rate of 22%.		
	Reconciliation of accounting Profit to Income Tax expense		
	Loss before tax	(31,555,650)	(52,123,927)
	Income tax @ 22%	-	(11,467,264)
	Expenses not deductible for tax purposes	-	47,175
	Income not subject to tax	-	-
	Income tax credit	-	(11,420,089)

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)

6 Property plant & equipment	Building Porto cabins P	Plant & Equipment P	Motor Vehicles P	Furniture & Fittings P	Computers P	Leasehold Improve-ments P	Office Equipment P	Capital Work in progress P	Total P
Year-ended 31 March 2018									
Opening net book amount	252,199	199,007	808,640	1,888,718	969,333	1,091,225	82,648	45,680	5,337,450
Additions	15,500			103,649	1,006,459	39,011	22,292		1,186,911
WIP capitalised	-	-	-	-	-	45,680	-	(45,680)	-
Disposals	-	-	-	-		-	-	-	-
Depreciation charge	(34,772)	(36,837)	(221,284)	(288,147)	(678,683)	(232,755)	(27,557)	-	(1,520,035)
Depreciation on disposals	-	-	-	-		-	-	-	-
Closing net book value	**232,927**	**162,170**	**587,356**	**1,704,220**	**1,297,109**	**943,161**	**77,383**	**-**	5,004,326
At cost	360,293	312,081	1,674,203	2,750,624	3,302,390	2,062,861	140,892	-	10,603,344
Accumulated depreciation	(127,366)	(149,911)	(1,086,847)	(1,046,405)	(2,005,281)	(1,119,700)	(63,509)	-	(5,599,019)
Net book value	**232,927**	**162,170**	**587,356**	**1,704,219**	**1,297,109**	**943,161**	**77,383**	**-**	**5,004,325**
Year-ended 31 March 2019									
Opening net book amount	232,927	162,170	587,356	1,704,219	1,297,109	943,161	77,383	-	5,004,325
Additions		20,356	-	75,867	475,077				571,300
WIP capitalised	-	-	-	-			-	-	-
Disposals	-	-	-	-	(111,084)	-	-	-	(111,084)
Depreciation charge	(36,064)	(39,745)	(108,727)	(309,716)	(531,855)	(237,737)	(27,554)	-	(1,291,398)
Depreciation on disposals	-	-	-	-	105,100	-	-	-	105,100
Closing net book value	**196,863**	**142,781**	**478,629**	**1,470,370**	**1,234,347**	**705,424**	**49,829**	**-**	**4,278,243**
At cost	360,293	332,437	1,674,203	2,826,492	3,666,383	2,062,861	140,892	-	11,063,561
Accumulated depreciation	(163,430)	(189,656)	(1,195,574)	(1,356,121)	(2,432,036)	(1,357,437)	(91,063)	-	(6,785,317)
Net book value	**196,863**	**142,781**	**478,629**	**1,470,370**	**1,234,347**	**705,424**	**49,829**	**-**	**4,278,243**

7 Intangible assets

	Other Softwares	SAP Oil in One	Capital Work in progress	Total
Year-ended 31 March 2018				
Opening net book amount	7,888,525		442,121	8,330,646
Additions			401,640	401,640
WIP capitalised	-			-
Disposals				-
Depreciation charge	(1,887,902)	(267,878)		(2,155,780)
Depreciation on disposals				-
Closing net book amount	**6,000,623**	**575,883**	**-**	**6,576,506**
At cost	1,376,249	9,100,227		10,476,476
Accumulated depreciation	(800,366)	(3,099,604)		(3,899,970)
Net book amount	**575,883**	**6,000,623**	**-**	**6,576,506**
Year-ended 31 March 2019				
Opening net book amount	575,883	6,000,623		6,576,506
Additions		251,924	109,598	361,522
WIP capitalised				-
Disposals		-		-
Depreciation charge	(263,328)	(1,963,479)		(2,226,807)
Depreciation on disposals				-
Closing net book amount	**312,555**	**4,289,068**	**109,598**	**4,711,221**
At cost	1,376,249	9,352,151	109,598	10,837,998
Accumulated depreciation	(1,063,694)	(5,063,083)	-	(6,126,777)
Net book amount	**312,555**	**4,289,068**	**109,598**	**4,711,221**

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)

8 **Deferred income tax** assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax liabilities		
- Deferred income tax liability to be crystallised after more than 12 months	-	
Total net deferred income tax liability	-	-
The gross movement on the deferred income tax account is as follows:		
At beginning of the year		(5,084,743)
De-recognition of deferred tax asset		5,084,743
At end of the year	-	-

9 Inventories

Fuel inventory	6,477,303	20,963,488
Fuel supplies in transit	1,016,584	3,354,222
	7,493,887	24,317,710

	2019	2018 (Restated)
10 Trade and other receivables		
Trade receivables	16,870,604	11,992,096
Loss allowance	(985,402)	(987,220)
Trade receivables at amortised cost	15,885,202	11,004,876
Withholding tax receivables	597,545	629,087
Value added tax receivable	306,353	1,282,983
Related party debtors	9,502,716	
Other receivables	1,228,320	7,973,494
	11,634,933	9,885,564
	27,520,135	**20,890,440**

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)
10. Trade and other receivables (continued)

	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected credit loss)	2018 Estimated gross carrying amount at default	2018 Loss allowance (Lifetime expected credit loss)
Expected credit loss rate				
Less than 30 days past due - 0% (2018: 0.03%)	9,922,548	-	4,050,295	1,107
31- 60 days past due - 0% (2018: 0%)	152,709	-	-	-
61- 90 days past due - 0% (2018: 0%)	-	-	-	-
91- 120 days past due - 0% (2018: 5.3%)	-	-	2,650	141
121- 150 days past due - 0% (2018: 0%)	-	-	-	-
More than 151 days past due - 95.98% (2018: 100%)	1,026,678	985,402	1,977,168	1,977,168
Non-trade receivables from Government	5,768,669	-	5,961,983	-
Total	**16,870,604**	**985,402**	**11,992,096**	**1,978,416**

Reconciliation of loss allowances
The following table shows the movement in the loss allowance (life expected credit losses) for trade receivables

At 1 April 2018 in accordance with IAS 39	987,220
Transitional IFRS 9 Adjustment	991,196
Opening loss allowance as at 1 April 2018 – calculated under IFRS 9	1,978,416
Provision raised on new trade receivables	(993,014)
Closing balance	**985,402**

11 Investments in Money Markets

Employees gratuity invested at Botswana Insurance Fund Management (BIFM)	5,806,897	-
	5,806,897	**-**

12 Cash & cash equivalents

Cash at Bank	304,356,756	208,232,803
Cash in Hand	6,400	2,037
	304,363,156	**208,234,840**

Cash and cash equivalents includes P163,743,062 (2018: P133,466,179) held by the Company in a separate bank account for the collection of the Security of Supply Margin. These funds are held on behalf of the shareholder and are distributed by the Company based on instruction from the shareholder.

Accordingly, such funds are not available for the Company's general use, and have been excluded from the unrestricted cash and cash equivalents included in the statement of cashflows of P140,620,094 (2018: P74,768,661).

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)

	2019 P	2018 P
13 Stated Capital		
Balance as at 31 March	113,127,939	113,127,939

14 Equity Awaiting Allotment

Shares awaiting alotment represents cash received from the shareholder through Security of Supply Margin ("SSM") fund to the value of P100,000,000 for working capital purposes. This will be converted in issued share capital in due course once the necessary formalities had been agreed with the shareholder.

	2019 P	2018 P (Restated)
15 SSM liability		
Balance as at 1 March	133,466,179	-
Receipted from fuel retailers during the year	230,276,883	133,466,179
Advanced to the Ministry of Mineral Resources, Green Technology and Energy Security (National Petroleum Fund account) during the year	(100,000,000)	-
Allocated to Stated Capital (awaiting allotment) with approval of the Ministry of Mineral Resources, Green Technology and Energy Security (note 14)	(100,000,000)	
	163,743,062	133,466,179

This liability represents amounts collected by the Company on behalf of its shareholder (represented herein by the Ministry of Mineral Resources, Green Technology and Energy Security). The funds so collected are administered through a separate bank account held in the Company's name, which account will be transferred to the Bank of Botswana (for the shareholder to apply in accordance with its discretion to capitalise the Company) by 31 March 2020. (Refer also note 23.)

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)

16	**Shareholder's Product Loan**		
	Product loan	3,212,816	9,652,112
		3,212,816	9,652,112

Product loan

The movement of the product loan is reflected below:

	2019		2018	
	Qty in Litres	Pula	Qty in Litres	Pula
Opening balance	1,550,616	9,652,112	11,648,362	64,432,887
Utilisation by BOL	72,255,810	499,460,093	65,433,649	374,528,168
Replenishment to the strategic reserves	(73,314,939)	(502,243,341)	(55,531,395)	(323,519,914)
Equity				
Conversion			(20,000,000)	(113,127,938)
Measurement adjustment to cost of sales		(3,656,047)	-	7,338,909
Closing balance	**491,487**	**3,212,816**	**1,550,616**	**9,652,112**

The measurement adjustment at each month-end resulted in a gain of P3.656 million representing the impact of the slate prices at each measurement date with the carrying value in the accounting records for the outstanding quantities. This amount has been debited to Cost of Sales in the Statement of comprehensive income. BOL and the Ministry of Mineral Resources, Green Technology and Energy Security (MMGE) has an agreement stated on clause 6.6 as per their contract that the borrow loan should not at any given time exceed 10% of the tank capacity which is 5.3m litres.

		2019 P	2018 P
17	**Government advances**		
	Government advance - BOL procurement	4,477,815	4,468,834
	Government advance - Francistown Expansion Project	27,176,286	32,454,750
	Government advance - Ghanzi Project	5,412,821	5,862,890
	Government advance - Tank conversion Project	80,844	996,651
		37,147,767	43,783,125

The Government advance procurement loan represents the specific amounts received by BOL to procure strategic reserve stocks on behalf of the Government directly and or through CEC's (Citizen Emerging Companies) in order to facilitate these companies to participate in the petroleum sector. BOL earns management fees as a result of the sourcing on behalf of the Government strategic stock reserves. The advance does not attract interest.

BOL received funding through the Department of Energy towards specific projects during the year. Expenditure relating to these projects for the year has been charged off to the relevant government assets accounts at the year end. The advance balances as at year end represents the amounts remaining to be spent for the projects going forth.

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)

	2019 P	2018 P (Restated)
18 Trade and other Payables		
Trade payables	29,760,037	27,663,433
Other payables		
- Accruals	2,855,936	189,293
- Gratuity and severance provision	5,806,897	6,549,762
- Other	6,479,102	6,005,150
	44,901,972	40,407,638

	2019 P	2018 P
18 Financial assets by category		
The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the company are classified as follows:		
Trade and other receivables	27,520,135	40,093,838
Cash and cash equivalents	304,363,156	208,234,840
	331,883,291	248,328,678

19 Financial liabilities by category

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the company are classified as follows:

Trade and other payables	200,773,479	172,703,186
	200,773,479	172,703,186

20 Commitment and contingencies

Lease Commitments	Non cancellable operating lease	
Not later than one year	2,184,148	1,797,248
	2,184,148	1,797,248

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019 (continued)

21 Assets pledged

No assets were pledged as security for liabilities.

22 Related party balances and transactions

The entity has availed the exemption under Para 25 of IAS 24: Related Party Disclosures, from the disclosure requirements in relation to related party transactions and outstanding balances. Botswana Oil Limited is wholly owned by the Government of the Republic of Botswana.

During the year BOL utilised inventory from the strategic reserves owned by the Government and obtained advances to manage projects on behalf of the Government. These have been disclosed under note 12 and note 13 of the financial statements.

BOL generates revenue through sale of fuel to government departments in the normal course of their operations.

	2019 P	2018 P
Details of transactions during the year:		
Value of inventory utilised	-	(51,008,254)
Sales of fuel to government departments	9,661,918	8,274,807
Details of balances at the year end date:		
Amounts receivable from government owned entities	6,522,181	5,408,569
Amounts payable to government owned entities	40,360,583	53,435,237
Key Management Personnel		
Directors Emoluments		
For services as directors	127,950	127,371
For managerial services	-	1,538,907
	127,950	1,666,278
Year end payable balances		
Gratuity payable	5,806,897	582,833

BOTSWANA OIL LIMITED NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2019

23 Restatement

During the 2018 financial year, the Government of Botswana approved the introduction of a Security of Supply Margin ("SSM") to be included in the retail price of fuel sold in the country. The SSM, set at 17.5 thebe per litre of fuel, would be utlised to capitalise the Company over a period of 5 years, starting in July 2017. The SSM was collected at the pump and paid to the Company from inception.

Following engagement with the Ministry of Mineral Resources, Green Technology and Energy Security ("MMGE") as shareholder representative and analysis of relevant information with respect to the SSM, the Company elected to treat the SSM as a non-distributable reserve in equity in its statement of financial position.

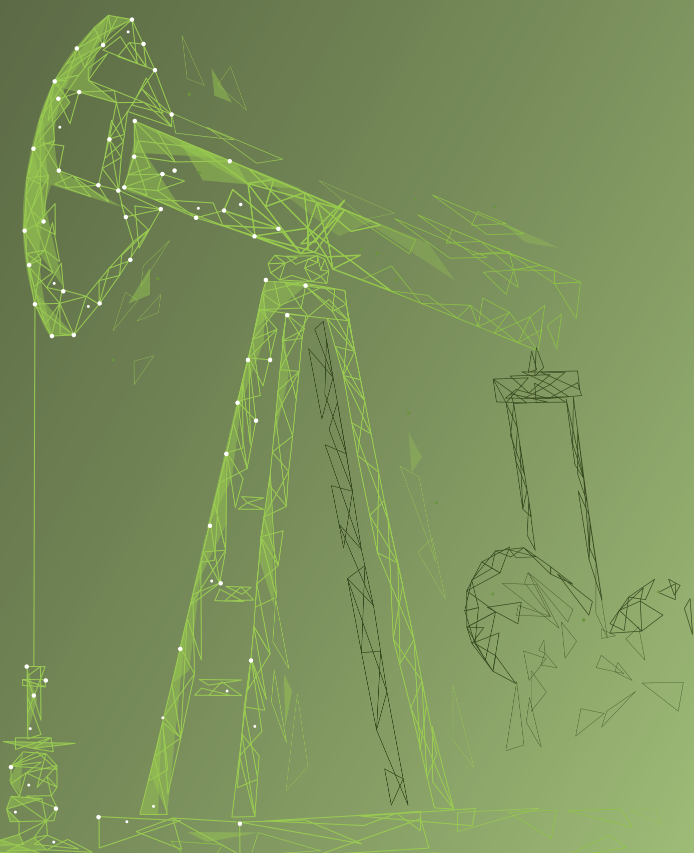
Subsequent to the end of the current financial year, but prior to finalising these financial statements, the MMGE informed the Company that it was inappropriate for the SSM moneys to be collected directly for the Company's account, and that such moneys should have been collected directly into a designated account at Bank of Botswana in favour of the Goverment of Botswana, with distributions from such account being made at the sole discretion of the MMGE as shareholder representative. This position was premised on the legal framework through which the Government of Botswana made the decision to introduce the SSM, which legal framework had been long-established and was applicable at the original date of introduction of the SSM. This was also confirmed through independent legal opinion obtained by the Company.

Accordingly, while the Company had accounted for all SSM receipts direclty into equity, these amounts represented amounts collected on behalf of Government of Botswana and should have been included in liabilities until (and if) allotments to the Company were approved and made therefrom by the MMGE.

This has been corrected through a prior year restatement in the current financial year, with the impact being summarised as follows:

	Original balance P	Restatement P	Restated balance P
Statement of financial position			
Trade and other receivables	41,929,266	(21,038,826)	20,890,440
Non-Distributable Reserve	154,505,005	(154,505,005)	-
SSM Liability		133,466,179	133,466,179

Acronyms



Fuelling Botswana

ACRONYMS

ACCA	Association of Chartered Certified Accountants	**IAS**	International Accounting Standards
BFP	Basic Fuel Price	**IESBA**	International Ethics Standards Board for Accountants
BTC	Board Tender Committee	**IFRS**	International Financial Reporting Standards
BERA	Botswana Energy Regulatory Authority	**IOCs**	International Oil Companies
BIDPA	Botswana Institute for Development Policy Analysis	**ISO**	International Organisation for Standardization
BIFM	Botswana Insurance Fund Management	**ISAs**	International Standards on Auditing
BITC	Botswana Investment and Trade Centre	**KYC**	Know-Your-Customer
BOL	Botswana Oil Limited	**LLM**	Latin Legum Magister
BWP	Botswana Pula	**ECL**	expected credit losses
CEO	Chief Executive Officer	**LTI**	Lost Time Injury
CECs	Citizen Emerging Companies	**LTIFR**	Loss Time Injury Frequency Rate
COOCs	Citizen Owned Oil Companies	**MRI**	Medical Rescue
CSRs	Corporate Social Responsibility	**MInstPM**	Member of the Institute of Professional Managers and Administrators
ERP	Enterprise Resource Planning	**MOU**	Memorandum of Understanding
EIA	Environmental Impact Assessment	**MMGE**	Ministry of Minerals Resources, Green Technology and Energy Security
EXCO	Executive Committee	**MTI**	Ministry of Trade and Industry
ECL	Expected Credit Loss	**NDP11**	National Development Plan
FVO CI	Fair Value through Other Comprehensive Income	**NHRC**	Nominations and Human Resources Committee
FCCA	Fellow Member of the Association of Chartered Certified Accountants	**OMCs**	Oil Marketing Companies
FIMS	Fellow with the Institute of Management Specialists	**OMS**	Operating Management System
FARC	Finance, Audit and Risk Committee	**PPP**	Public Private Partnership
FIFO	First in, First out	**RAECs**	Remote Areas Energy Centre's
GBP	Great British Pound	**RAS**	Risk Appetite Statement
HSSEQ	Health, Safety, Security, Environment and Quality	**SSM**	Security of Supply Margin
HSSEQ MS	Health Security, Safety, Environment and Quality Management System	**SPEDU**	Selibe Phikwe Economic Diversification Unit
ICT	Information and Communications Technology	**ZAR**	South African Rand
UK	United Kingdom	**VAT**	Value Added Tax

NOTES

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Your Fuel. Your Future

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