BOTSWANA OIL
Your Fuel. Your Future

Ensuring Security of Supply

2019/2020
ANNUAL REPORT

CONTENTS

BOTSWANA OIL LIMITED BRAND PHILOSOPHY

BOTSWANA OIL
Your Fuel. Your Future

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.

TEAM WORK

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.

SOCIAL RESPONSIBILITY

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

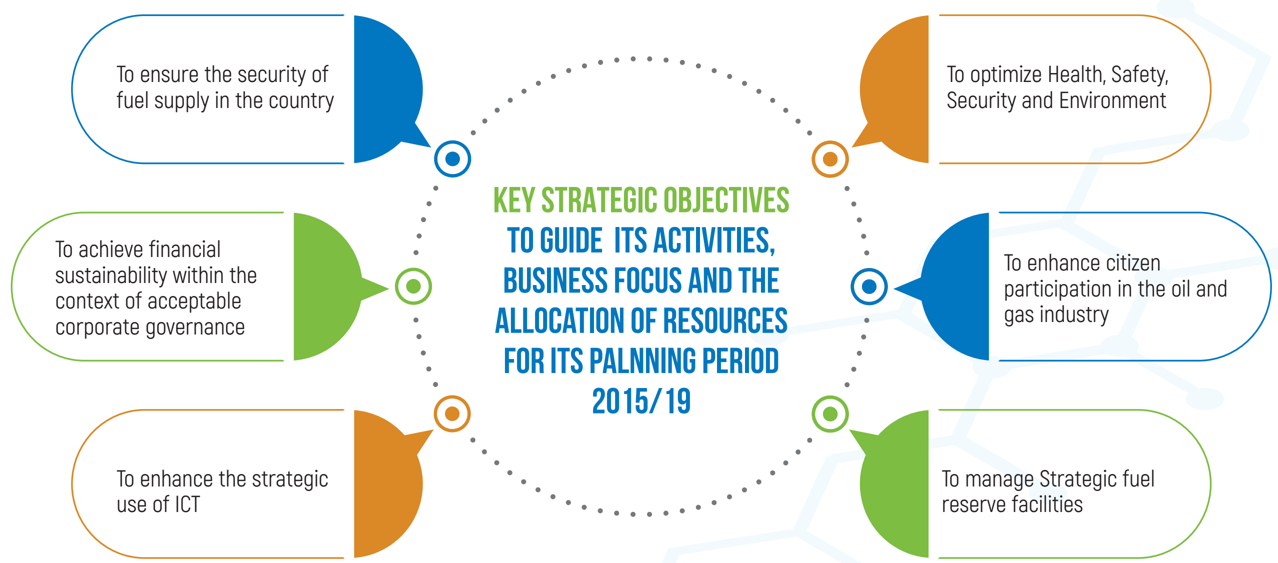
FIVE YEAR FINANCIAL PERFORMANCE

Figure in BWP	2020 P	2019 P	2018 P	2017 P	2016 P
Revenue	583,362,500	649,149,253	539,258,815	250,385,746	230,976,015
Cost of Sales	(557,201,966)	(627,156,388)	(531,161,678)	(250,604,598)	(181,303,499)
Gross Profit/(Loss)	**26,160,534**	**21,985,865**	**8,097,137**	**(218,852)**	**49,672,516**
Other Operating Income	30,392,832	7,691,777	256,582	9,461,197	3 ,493,110
Impairment of trade receivables	(4,367,157)	(985,402)	(987,220)	(1,004,980)	(1,004,980)
Administrative Expenses	(69,838,551)	(64,249,733)	(61,947,245)	(53,985,302)	(42,719,080)
(Loss)/Profit from Operations	**(17,652,342)**	**(35,557,493)**	**(53,593,526)**	**(44,742,956)**	**10,446,546**
Finance Income	9,165,105	4,001,843	2,786,640	4,247,772	5,179,358
Finance Cost	(378,194)	-	(1,317,041)	(2,368,648)	-
(Loss)/Profit Before Income Tax Expense	**(8,865,431)**	**(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	**(8,865,431)**	**(31,555,650)**	**(57,208,670)**	**(33,448,849)**	**12,246,340**
Total Comprehensive Income	**(8,865,431)**	**(31,555,650)**	**(57,208,670)**	**(33,448,849)**	**12,246,340**

CORPORATE PROFILE, GOVERNANCE STRUCTURE AND 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.

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:



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)**
Ogomoditse Maruapula	**Board Member (re-appointed 11th July 2019)**
Batsho Dambe-Groth	**Board Member (re- appointed 11th July 2019)**
Midas Sekgabo	**Board Member (appointed 11th July 2019)**
Christophine Ofentse	**Board Member (appointed 11th July 2019)**
Meshack Tshekedi	**Executive Director (Acting CEO, his tenure is tied to his capacity as Acting CEO)**

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 6 (six) special meetings.

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 is 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 once.

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, risk management initiatives, 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 five (5) 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 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. The committee was constituted towards the close of the review period and it convened one meeting.

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.

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 & 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.

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 2020. 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 38 to 80 of this Report.

GOING CONCERN

Since it commenced operations in 2013, BOL has had unqualified accounts. The financial statements for the year ending 31st March 2020 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.

EXECUTIVE MANAGEMENT

The management and daily running of BOL is the responsibility of the Chief Executive Officer with the assistance of the Executive Management Committee (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 CHAIRMAN'S STATEMENT

DR. JOEL SENTSHO

BOARD CHAIRMAN

I present the 6th Botswana Oil Limited Annual Report, as the inaugural Board Chairman of the Company. Most of the factors that had a bearing on the performance of Botswana Oil Limited during the preceding review period continued to have relevance during the period under review. The most significant being the oil and gas operational landscape in Botswana. Owing to lack of legislation to guide and facilitate the Government's role and influence on oil imports, the industry BOL continued to operate on a willing-buyer-willing seller model. As a Government owned company with a mandate placing emphasis on facilitating effective citizen participation in this industry as well as removing entry barriers for new entrants into the industry, the model in itself acted as a restraint on facilitating BOL to deliver on this prong of its mandate as well as on promoting the growth of the Company. The major constraint arose from the fact that BOL, as per its mandate, could not import sufficient petroleum products to allow it to nurture and hand-hold Citizen Companies as they find their way into the oil and gas industry. Without the necessary enabling legislation, BOL could not fully deliver on its mandate to ensure the meaningful participation of citizens in the oil and gas industry.

Operations

With its mandate to ensure the uninterrupted availability of petroleum products in the country, BOL delivered adequately on this aspect despite the restrictive conditions resulting from lack of enabling legislation. Through the prudent management of the Government strategic Storage Facilities and Strategic Reserves, BOL ensured sustainable national supply. No major disruptions in fuel supply were recorded nationally as BOL was always on stand-by to cushion any shortfalls in supply that International Oil Companies(IOCs) and Citizen Owned Oil Companies(COOCs) could have experienced by supplying them from its commercial stock or strategic reserves if need be. BOL sales dropped by 6% from 95million litres the previous year to 89million litres. However, BOL is on a drive to increase sales through various initiatives it has embarked on. These include working closely with both IOCs and COOCs to get their projections timely so that it can satisfy these needs without disrupting strategic stocks.

Governance

The Board remained committed to its fiduciary duties. To ensure sustainable performance and sound management of BOL's performance, the Board was fully constituted with experts in the various aspects of the Company's operations. The diversity of the Board Members' skills ensured a cross-pollination of ideas and experiences which could be tapped to benefit BOL. To remain relevant to the business and in a quest to grow the Company to align with best international practice, the Board adopted the tripple-bottom line sustainability framework to evaluate the Corporation's performance. Through this, focus was not only placed on profits but equally on the social and environmental aspects. Safety, Health and Risk issues were emphasized, with

BOARD CHAIRMAN'S STATEMENT CONTINUED

the Operational Management System (OMS) project which saw the development of policies and Standard Operating Procedures (SOPs) for the various functions developed and enforced. The Social and Ethics Board Committee was re-constituted to oversee 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 and the impact of the Company's activities, and its products and services.

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

In consideration of the environmental footprint, BOL's operations by their nature may leave, through a clear policy and targeted Corporate Social Responsibility initiatives, the Board ensured that Management cushioned any possible effects on the environment and the communities in general. Stakeholder consultations with the Company's various stakeholders and interest groups around its operations were sustained during the year. These provided valuable feedback that helped BOL to design targeted interventions to address these groups' needs. The feedback from these interactions inputs into the Company's future planning and is therefore valuable contributor to informing strategic direction.

Strategic Planning

This report covers the last year of BOL's strategic plan covering the years 2015-2019. Through the Board's guidance, BOL implemented its identified key strategic imperatives to ensure maximal delivery on its mandate. The Board's key strategic imperatives for the period remained:

- 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 on these key strategic imperatives cut across all the Company's operations. Their achievement was satisfactory, considering the willing-buyer-willing seller business model BOL continued to operate under as efforts to get an importer license had still not borne fruit by the close of the review period. Through the Board's guidance and stewardship, BOL identified and re-focussed on other viable options to ensure the business remains a going concern and at the same time effectively delivering on its set mandate. These include the coal-to-liquid project, amongst others.

Financial Performance

The Company returned a net loss of P8.865 million in 2019/20, which was a huge improvement of about 73% from 2018/19. A reduction in sales volumes, revenues and expenses was recorded. However, the Company also recorded a great improvement in gross margins (both in value and thebe per litre), other income, finance income as well as net loss which gives assurance that the Company has great potential of making a net profit with the necessary statutory instruments in place, to enable it to consolidate volumes and aggressively negotiate good margins for the organisation. Going forward, the Company has to be aggressive in pursuing new business to ensure that it sells significant volumes which will enable it to earn an adequate margin to ensure that it returns to profitability, even in the absence of an exclusive import licence.

Over the years, BOL improved operating efficiencies, especially around negotiation of prices, management of stock movement as well as managing the forex exposures and this means going forward, performance can only get better.

Appreciation

The achievements of the year under review are largely ascribable to the dedication and hard work of the Board, Management and staff and to a large extent the cooperation of all our stakeholders, from the Ministry of Mineral Resources, Green Technology and Energy Security to the National Energy Regulator BERA, IOCs, COOCs, BOCOCA as well as our most valued stakeholder, BOL staff. Despite the various challenges that placed restrictions on the Company's operations, all showed commitment to ensure BOL matures into the entity it was originally envisaged to be through their invaluable contributions in their unique ways. The COOCs and the general public gave us valuable feedback through the various consultative fora including tours, meetings, training sessions, breakfast seminars, our Facebook page and our website.

On behalf of the Board and BOL, I thank you all.

Dr. Joel Sentsho
Board Chairman

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.

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.

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.

Meshack Tshekedi
Ex-Officio Board Member

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 held up to the close of the review period.

Setshedi Botlhole-Mmopi
Board Member

Setshedi Botlhole-Mmopi holds a BCom. 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.

Mr. Midas M. Sekgabo
Board Member

Mr. Midas M. Sekgabo holds BSc in Mathematics and Physics from the University of Botswana and MSc in Renewable Energy and the Environment from the University of Reading, UK. He is currently the Director of the Department of Energy in the Ministry of Mineral Resources, Green Technology and Energy Security. His responsibilities include managing and driving the energy portfolio in terms of energy policy, planning, development, and implementation of projects. He has held several senior positions in parastatals, past recent being Head of Strategy and Projects at Citizen Entrepreneurial Development Agency; Coordinator of Policy, Planning and Research at Botswana Training Authority (now BQA). He has vast experience in the energy sector having been in the pioneer team in development of solar programmes in Botswana. He has managed the National Revolving Fund for Photovoltaics at RIIC, led in the setting of standards for energy equipment and participated in the development of the Botswana Energy Policy.

Christophine Osego Ofentse
Board Member

Ms. Christophine Osego Ofentse holds a Bachelor of Laws from the University of Botswana and a MSc in Strategic Management (University of Derby). She is currently an Assistant Secretary International and Commercial Services, at the Attorney General's Chambers. She is on secondment to the Ministry of Mineral Resources, Green Technology and Energy Security (MMGE), where she serves as Legal Advisor to the Ministry. Ms Ofentse is an experienced legal professional who has worked as Claims Manager-Assessment at the Motor Vehicle Accident Fund and Claims Manager at Legal Guard, a subsidiary of Botswana Insurance Holdings Limited.

ACTING CHIEF EXECUTIVE OFFICER' STATEMENT

Since establishment six years ago, Botswana Oil Limited' story has been one of resilience as the basic foundations meant to facilitate its operations lagged behind. Despite this, the Company has trudged along, delivering successfully on the various aspects of its mandate. The year under review saw BOL successfully managing the government strategic reserves and stocks, resulting in no adverse shortages recorded in-country. Despite the intermittent refinery shutdowns in its major supply sources, BOL's prudent management of the reserves ensured sustainable supply and security of fuel in Botswana. These refinery shut downs, for maintenance and other reasons, resulted in reduced allocations to Botswana which at times resulted in increased demands on BOL by IOCs and COOCs, demands that BOL sufficiently satisfied, averting possible shortages that could have been felt at the pump.

BOL registered increased COOCs business activity attributable to increased support by the Government, which issued out several significant tenders to COOCs. This, by extension contributed to the growth of citizen companies, a quest that BOL aggressively pursues through its mandate, to facilitate the meaningful participation of these entities in the oil industry.

Financial Performance

The Company recorded improved performance compared to 2018/19. For the year, BOL returned a net loss of P8.865 million which was significant improvement of about 73% from 2018/19. BOL recorded a reduction in sales volumes, revenue and expenses. However, the Company also recorded a great improvement in gross margins (both in value and thebe per litre), other income, finance income as well as net loss which gives assurance that, with the necessary statutory instruments in place to enable it to consolidate volumes and aggressively negotiate import margins for the organisation, the Company has great potential. Going forward, the Company has to be aggressive in pursuing new business to ensure that it sells significant volumes which will enable it to earn an adequate margin to ensure that it returns to profitability.

In its six years of existence, BOL has improved operating efficiencies, especially around depot operations. pricing, management of stock management as well as managing forex exposure.

Capital Projects

BOL continued to manage the Government strategic reserve facilities as well as strategic reserves. These facilities have a combined design capacity of 62million litres which translates to 18 days cover. To further improve the security of supply of petroleum products for the country, the Government, through BOL, would like to expand these facilities to hold to a least 60 days cover. Most of the capital projects that BOL is currently undertaking are in line with this strategic thrust. Although these projects have been suspended for the past 2 years due to funding challenges, efforts to secure such funding continued during the review period. These projects include the planned Tshele Hills Depot with a capacity of 171million litres, the Francistown Depot expansion which will see an additional 60 million litres added to the current 35 million litres. The planned Ghanzi Depot will add an additional 20 million litres to the Government' strategic facilities.

A significant development regarding these projects during the year was the transfer of the management of the Tshele Hills Depot from the Department of Energy to BOL. By the close of the year BOL had advanced efforts to secure funding to progress construction of the facility through a PPP model.

Botswana's ambition to produce fuel from coal was progressed through the Ikaegeng XTL (coal-to-liquid) project. The project seeks to beneficiate the over 202 billion tonnes of the coal resource Botswana has. During the review period, the project gained momentum with the development of a feasibility study through our Technical Advisor, Hatch Africa (PTY) Ltd who are assisting with the facilitation process of the project. As part of facilitating the project, which BOL has named Ikaegeng, BOL and Hatch ("the Project Team") registered the project with the Public Private Partnership (PPP) Unit as a PPP project.

The Project Team also completed the PPP Feasibility Study Report (FSR) whose outcome is that the implementation of an XTL facility in Botswana, using local coal as a feedstock to produce diesel and gasoline for local consumption is shown to be beneficial to Botswana and potentially economically viable. The success of this project will ensure security and efficiency of petroleum products in the country, making the country self sufficient as the name of the project aptly posits.

Cooperation Agreements

Pursuant to the groundwork that was done on the use of alternative routes to bring in product as a way to reduce reliance on a single source, BOL continued to bring in some product through these routes. Though costly, the routes do offer an alternative in the event that the traditional South African route is not available. The Mozambican route also provides a shorter distance to BOL's Francistown Depot. Once completed and in operation, the Ghanzi Depot will receive product coming in through the Namibia route.

To facilitate procurement through, and the use of these routes, BOL continued to pursue the signing of cooperation agreements with these Governments or some of their entities.

Stakeholder Management And Corporate Social Responsibility

BOL continued to be socially committed to inflicting zero harm through any of its operations. All efforts were taken to reduce the footprint of its activities. Alive to the global trend of energy transitioning to cleaner fuels in a quest to save the planet, BOL moved to Diesel PPM50 and changed its infrastructure accordingly in line with these changes. Preliminary discussions with some institutions of higher learning and research around renewable energy were kickstarted. By keeping abreast of these developments, BOL will ensure not only its sustainability but also safeguard the environment.

As a Company that values feedback and uses it to inform its future planning, BOL emphasizes stakeholder consultations. Stakeholders were segmented and 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. During the year more than ten consultative fora were hosted for various stakeholder groups and other interest groups.

Receiving an average thirty (30) requests for assistance a month, guided by its Corporate Social Responsibility Policy, BOL managed to assist some of these causes. Emphasis, according to the policy, was placed on educational development, community development, marginalized groups such as women, children and the disabled and the environment.

Into The Future

Looking forward, BOL will review its strategy to ensure it supports its ambitions, the most critical being ensuring security of fuel supply, lowering the barriers of entry into the industry for citizens and financial sustainability. The project to explore alternative business models and other new ventures will continue in a bid to ensure the sustainability of the Company. BOL also remains hopeful that statutory instruments required for the effective implementation of its mandate will be promulgated in the foreseeable future.

Feedback through surveys and other tools will continue to be sought from the various stakeholders and this will be used to inform the new corporate strategy.

Appreciation

With the ever-present unwavering support of our Shareholder, the Board, Management, Staff and other stakeholders, BOL has no doubt that it will grow from strength to strength and in the process grow citizen oil companies.

I thank you.

Meshack Tshekedi
Acting Chief Executive Officer

EXECUTIVE MANAGEMENT TEAM

01 **Mosetlho Kenamile**
Acting Chief Operations Officer

02 **Olivia Ramaselwana**
Acting Chief Finance Officer

03 **Modise Koofhethile**
General Manager Strategy

04 **Meshack Tshekedi**
Acting Chief Executive Officer

05 **Tshegofatso Kenosi**
Acting General Manager Operations

SENIOR MANAGEMENT TEAM

01 Iven Segaise
Business Planning Manager

02 Thabo Simon
Head of Commercial

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

04 Otlaabotsa Tsie
Head of Enterprise Risk

05 Matida Mmipi
Head of Stakeholder Relations

06 Gamu Mpofu
Head of New Ventures

07 Solani Setlhako
Acting Head of Information Communications Technology

08 Latelang Chakalisa
Head of Legal and Company Secretary

09 Bidoh Kgaimena
Manager Engineering

10 Laone Kwati
Acting Head of Internal Audit

11 Tebogo Eric
Head of Hydrocarbon Sourcing

OPERATIONAL HIGHLIGHTS

COOCs VOLUMES PER MONTH INCREASE

44%

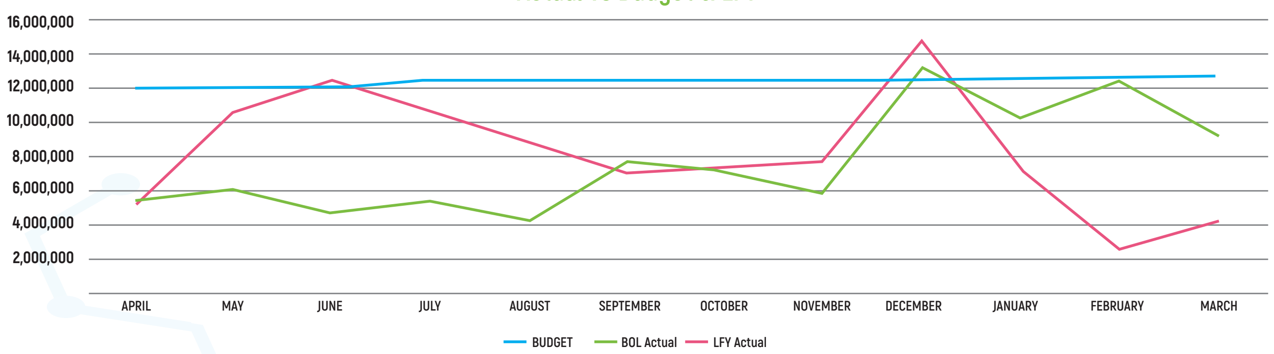
OPERATIONAL HIGHLIGHTS

Supply

BOL continued to operate on a willing-buyer-willing seller model and sold to both IOCs and COOCs. 50% of the sales made during the year comprised of Diesel 50, 36% of Unleaded 95 and 14% of Unleaded 93 petrol. Actual Sales Volume performance dropped by 6% from 95million litres the previous year to 89million litres.

Figure1 - Actual Sales

Actual vs Budget & LFY

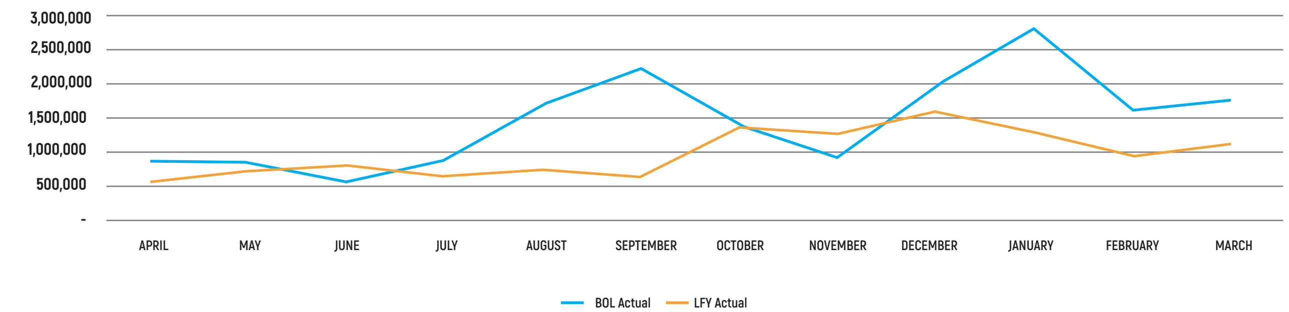


	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4					
	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	YTD	ACTUAL PERFORMANCE	
BUDGET	11,900,000	11,900,00	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	147,300,000		
FORECAST	6,658,228	7,800,000	7,893,000	5,233,229	4,540,000	10,516,000	9,573,000	7,980,000	10,574,639	9,358,000	9,358,000	10,930,517	100,859,613		
BOL Actual	5,287,873	5,919,939	4,454,670	5,227,365	4,118,654	7,568,574	6,855,330	5,688,680	13,095,061	10,011,110	12,273,906	9,012,763	89,513,925	39%	Below Budget
LFY Actual	5,034,448	10,328,448	12,334, 705	10,531,563	8,574,184	6,918,283	7,499,701	7,546,304	14,717,699	7,116,059	2,308,234	3,894,070	96,803,817	8%	Below LFY
	ACTUALISED VOLUMES														

	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4	
BUDGET	35,700,000		35,700,000		35,700,000		35,700,000	
FORECAST	22,351,228		20,289,229		28,127,639		30,091,517	
BOL Actual	15,662,482	56,1%	16,914,593	54,5%	25,639,071	31,1%	31,297,779	15,9%
LFY Actual	27,697,720	43,5%	26,024,030	35,0%	29,763,704	13,9%	13,318,363	-135,0%

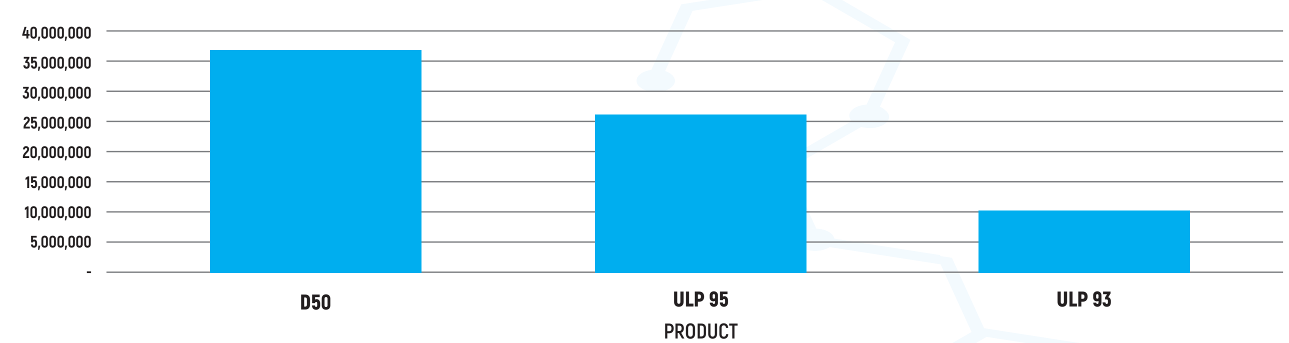
BOL experienced recordable growth in the number of COOCs actively trading in the market. During the third quarter of the year, the average volume procured by COOCs per month increased by 44%, from 840m3 the previous year to 1200m3 during the reporting period. The increase could be attributed to tenders awarded to COOCs by the Government. Overall, actual Sales Volumes to COOCs for the year stood at 16.9million litres compared to 10million litres in the previous review period.

COOC Actual vs LFY



	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4			
	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	YTD
BOL Actual	765,967	738,208	434,881	820,249	1,670,655	2,215,611	1,352,458	843,466	1,955,672	2,866,715	1,573,467	1,741,578	16,978,927
LFY Actual	487,200	623,326	698,186	535,608	623,998	525,429	1,296,984	1,187,452	1,546,125	1,237,562	858,641	1,047,393	10,667,904
		QTR 1 Actual	1,939,056		QTR 2 Actual	4,706,515		QTR 3 Actual	4,151,596		QTR 4 Actual	6,181,760	
		LFY Q1 Actual	1,808,712		LFY Q2 Actual	1,685,035		LFY Q3 Actual	4,030,561		LFY Q4 Actual	3,143,596	

Sales Per Product



MAJOR PROJECTS

Tshele Hills Storage Facility Project

The objective of constructing the Tshele Hills Storage Facility was to increase Botswana's strategic stock capacity to 60 days cover in a quest to ensure the security of fuel supply in the country. The 171 million litres storage site was identified at Tshele Hills in the Kgatleng District. Work started on the project but was suspended in 2017 due to funding challenges. To date, the rail-spur, access road and bulk earthworks have been completed. Outstanding are the Bulk Petroleum Storage Terminal, tank farm, buildings, and internal roads. The estimated cost to see the project to completion is P1.5 billion. During the review period, management of the project was transferred from the Department of Energy to Botswana Oil Limited. BOL is currently exploring a Public Private Partnership arrangement to fund the completion of the project.

Ghanzi Depot Project

Following the completion of an Environmental Impact Assessment (EIA) and the fencing of the plot in the previous review period, the project was suspended due to funding challenges.

Gaborone Truck Staging Facility

By the close of the review period, significant progress had been made towards the completion of the construction of the Gaborone Truck Staging Facility. The facility's main objective is to address traffic congestion along Haile Selassie Road which is as a result of trucks that queue to load or off-load at the BOL Gaborone Depot located on that street. The Truck Staging Centre will be an extension of the Gaborone Depot and therefore its operation will be aligned to the philosophies and processes that are currently employed for the depot. Like other Government Reserve Storage Facilities, it will be operated and maintained by BOL on behalf of the Botswana Government and all maintenance costs will be recovered by the Government through the National Petroleum Fund (NPF). The scheduled completion of the project is the first quarter of the next review period.

Francistown Depot Expansion Project

The project to expand the Francistown Depot remained suspended due to funding constraints. The plan is to expand the depot by 60 million litres to increase its capacity from the current 35million litres to 95million litres. Once complete, this expanded depot, together with other strategic storage facilities are expected to ensure the security of fuel supply in the country by increasing days cover from the current 18 to 60. Preparations for the take-over of the management of the depot by BOL also gained momentum. The depot is currently managed by Vivo as part of an arrangement where the Government's Reserve Storages were managed by multi-national companies prior to the establishment of the National Oil Company, Botswana Oil Limited. Management of the Gaborone Depot transferred hands from Puma to BOL in 2016. Plans are underway for BOL to take over management of the Francistown Depot as well.

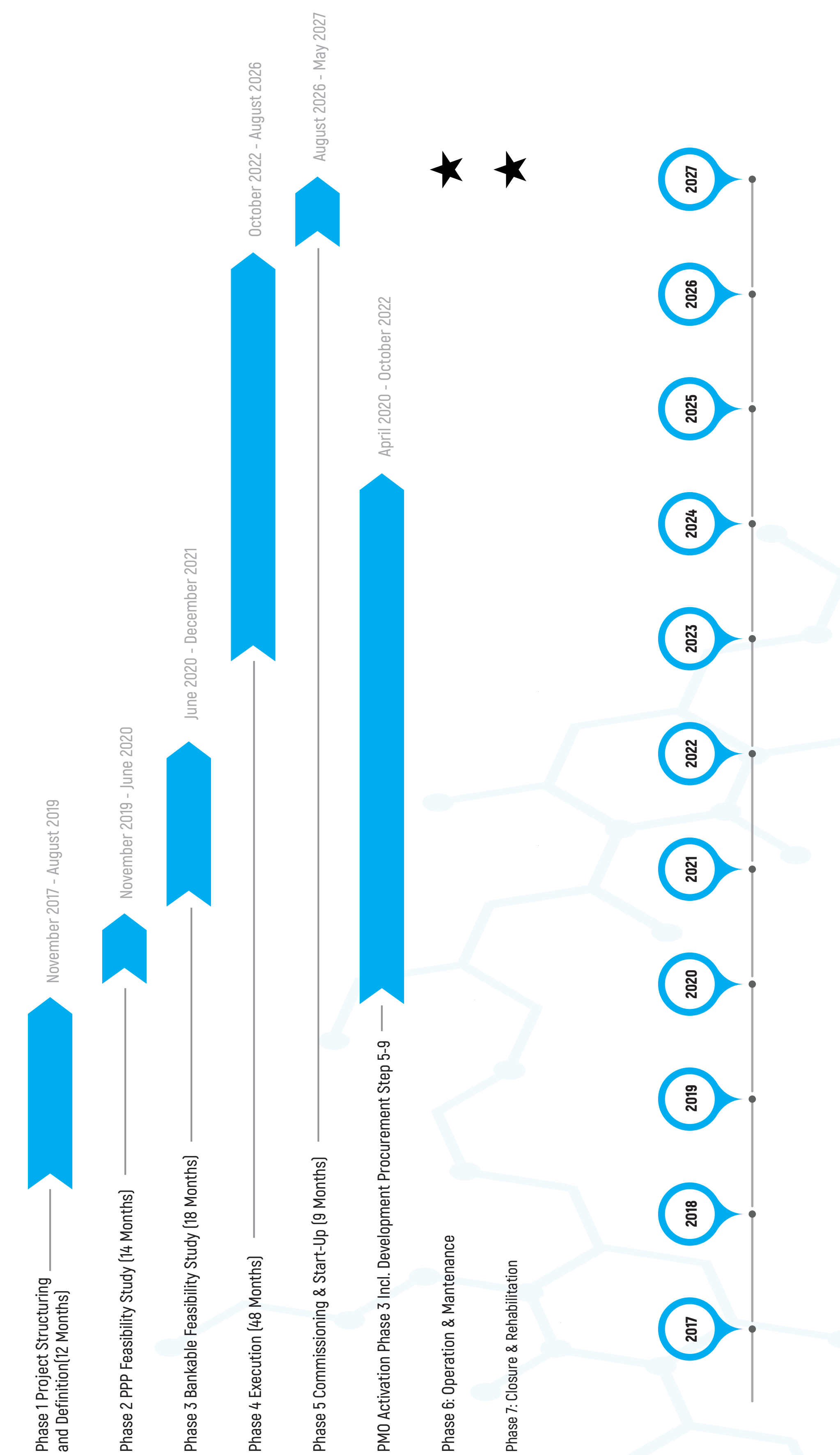
Coal-To-Liquids Project

The envisaged beneficiation of the national coal reserves by turning them into oil gained momentum during the year. Aptly named the Ikaegeng XTL Project (IXTL), the project seeks to ensure security and sufficiency of petroleum products for Botswana. As a producer, Botswana's dependence on other countries will be significantly reduced or entirely eliminated. The country could also become an exporter of the much-needed commodity. The Ikaegeng XTL Project (IXTL) is the Project Facilitation, PPP Procurement and Project Development of an IXTL Facility and an IXTL Business in Botswana. The IXTL Facility consists of an XTL Processing Plant (XPP) and Related Infrastructure. The IXTL Business is the off-take from the IXTL Facility and the wholesale distribution, storage, blending and sales of XTL diesel and gasoline.

By the close of the year, BOL had engaged services of a Technical Advisor, Hatch Africa (PTY) Ltd, to assist in the facilitation process of the project. As part of facilitating the IXTL project, BOL and Hatch ("the Project Team") registered the project with the Public Private Partnership (PPP) Unit as a PPP project. This was on completion of the Pre-Feasibility study as per the PPP requirements.

The Project Team has since completed the PPP Feasibility Study Report (FSR) whose outcome is that the implementation of an XTL facility in Botswana, using local coal as a feedstock to produce diesel and gasoline for local consumption is shown to be beneficial to Botswana and potentially economically viable had been completed.

OVERALL PROJECTION DEVELOPMENT PATH



MAJOR PROJECTS

Lubricants

During the review period BOL issued an Expression of Interest (EOI) which was aimed at assessing the availability and capability of potential strategic partners for entering the lubricants market locally and consequently driving the lubricants agenda regionally and beyond, in partnership with BOL. In the next review period BOL will develop a business case which is aimed at guiding the process for entering the lubricants business in partnership.

Bio-Fuels

In a quest to reduce its carbon foot-print through the use of high pollution energy sources, Botswana is looking to renewable energy sources made from organic matter or wastes, that can play a valuable role in reducing carbon dioxide emission such as biofuels. BOL is part of the task team for the Multiple Feedstock Biodiesel Processing Plant under the Biodiesel Production Project funded and coordinated by the MMGE, BOL is also part of the Technical Committee chaired by Botswana Bureau of Standards. BOL and MMGE are currently working on guidelines for the introduction of biofuels in Botswana.

Enterprise Risk Management

BOL strives for a culture of openness and transparency in which identified risks are disclosed proactively and unexpected events are reported as soon as they occur. BOL has adopted a Risk Management approach that seeks to continuously process, analyse and manage all the opportunities, threats, and risks faced by the Company so that it can achieve its goals and ensure it remains a going concern. Functional Heads, as Risk Owners, are obliged to monitor and manage risks proactively and to include relevant information in the planning, steering and control processes.
During the year, the Company adopted a Risk Appetite Statement (RAS) which defines all the set criteria for dealing with opportunities and risks. A process to fully integrate the RAS into business operations and monitor compliance commenced. It is expected to be completed early in the next review period.

During the year under review BOL established a Corruption Prevention Committee responsible for overseeing and reporting risks to the Finance, Audit and Risk Committee (FARC) and the Board relating to financial crime compliance including anti-money laundering, anti-bribery, fraud, and corruption. The development of an Anti-Corruption Policy commenced, and it is scheduled for completion during the next review period. Quarterly risk management reviews were carried out on each functional area. Mitigation measures were put in place to address identified top risks which had a potential to adversely affect the achievement.

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

DAYS WITHOUT LTI

366

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

The Company continued to build sustainable relationships with its stakeholders during the year.

The achievement of the customer service and quality it set itself remained key for BOL during the review period in a quest to build sustainable relationships. Various stakeholder groups were consulted and involved at different levels and in issues relevant to them in relation to BOL's operations. In line with its Corporate Social Responsibility Policy the Company implemented initiatives to assist it to remain socially sustainable and ensure corporate citizenship.

In embracing a culture of non-discrimination, inclusivity, and fairness in all aspects of its operations, regular internal and external stakeholder engagements were held. The segmentation of stakeholders according to their interest in BOL's business and their needs helped BOL manage them better. BOL used different platforms to interact with its stakeholders. These ranged from meetings, training workshops, infrastructure tours, exhibitions, activations and briefing sessions. Various Corporate Social Responsibility projects were also completed during the year.

General information about BOL was shared on social media on a continuous basis. This included vacancies and tenders. BOL's Anti-Fraud Campaign continued on social media. The innovative zapper code that offers a link to the BOL website upon scanning of the code using a cell phone was extensively shared.

During the review period, BOL had an outreach day to its adopted school, Lephepe Primary School in the Kweneng area. BOL donated two printers, 60 pairs of school shoes and 12 pairs of casual wear shoes. The Company also sponsored the surfacing of the school's netball and volleyball pitches whose ground-breaking was done on the same day of the event.

Our Employees

Botswana Oil Limited continued to be an equal opportunity employer, with opportunities in its various functional areas open to both genders. The Company strove to offer job satisfaction, individual growth and development as well as career progression opportunities to staff. BOL put in place various initiatives in the organisation aimed at achieving this, amongst them, lifelong training opportunities. Regular consultations through its Lekgotla meetings for all staff also provided a platform for bottom-up communication and feedback. To promote health and wellness, the Company continued to pay gym membership for its employees.

Staff retention declined as an attrition of 7.8% was recorded against an attrition of 5% the previous reporting period.

Health Safety Security Environment And Quality

BOL HSSEQ commitment is **Goal zero: Protect personnel, property, environment, information, and reputation against security threats as well as deliver quality goods and services**. BOL aims at having an excellent HSSEQ performance to be proud of, to earn the confidence of customers, shareholders, and society, to be a good neighbour and to contribute to sustainable development.

During the year under review BOL recorded one (loss of containment) spillage of 148Kg at its Gaborone Depot gantry in June 2019. All other HSSEQ key performance indicators/targets which are aligned with Organisational strategic objective remained positive.

In line with its commitment and to reduce the footprints of its operations on the environment, following the product spill, BOL conducted a contamination assessment for underground water contamination. The assessment involved drilling of underground monitoring wells, water sample collection and testing. The assessment and testing report recommended clean up and remediation, which all commenced immediately. With the assistance of a Bioremediation expert, the remediation work for soil and water for a similar incident which occured in 2017 commenced. The work will go on until November 2020. Monitoring and reporting will end in March 2022.

The Health Safety Security Environment and Quality (HSSEQ) Management System (MS) development Project which the Company had embarked on the previous reporting period, progressed during the year. The HSSEQ MS is based on the 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. The HSSEQ MS implementation plan progressed to 98%.

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

HSSEQ Key Performance Indicator's For The Year To Date

KEY PERFORMANCE INDICATOR	KPI MEASURE	ACTUAL 2018 / 2019	TARGET 2019 / 2020	ACTUAL MARCH 2019	YTD MARCH 2019 / 2020	COMMENTS
Promote adherence to HSSE policy and stewardship	Zero Days (Days without LTI)	9 Days	365 Days	31	366	
	LTIFR	1.58	0.0	0	0	
	NO. OF FATALITIES	0	0	0	0	
	NO. OF SPILLS >100KG	0	0	0	1	148KG LOSS CONTAINMENT. TRUCK SPILLAGE AT GABORONE GANTRY
	NO. OF RECORDABLE CASES	0	0	0	0	
	NO. OF SIGNIFICANT HSSE AUDIT FINDINGS	0	2%	0	0	
HSSE INTEGRATED HSSE MANAGEMENT SYSTEM	HSSE MS DEVELOPMENT	90%	100%	2%	98%	READINESS REVIEW ONGOING TO COMPLETE THE PROJECT. 13 STANDARDS DOCUMENTS DUE FOR REVIEW AND THE PROJECT TO BE CLOSED BY END OF JUNE.

BOTSWANA OIL LIMITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

CORPORATE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

Registration Number
BW00001348552

Country Of Incorporation And Domicile
Botswana

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

Dr Joel Sentsho	Chairman (Re-appointed 01st August 2018)
Ms Batsho Dambe-Groth	Member (Re-appointed 11th July 2019)
Mr Ogomoditse Maruapula	Member (Re- appointed 11th July 2019)
Mr Meshack Tshekedi	Member/ CEO (Acting) (Appointed 01st October 2018)
Ms Caroline Setshedi Botlhole-Mmopi	Member (Appointed 01st August 2018)
Ms Seabo Keorapetse	Member (Appointed 01st August 2018)
Mr Midas Sekgabo	Member (Appointed 11th July 2019)
Ms Christophene Ofentse	Member (Appointed 11th July 2019)

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 2020

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 43 to 80 were authorised for issue by the Board of Directors on the 27 of Octorber 2020 and are signed on its behalf by:

Acting Chief Executive Officer
Meshack Tshekedi

DIRECTOR

Independent Auditor's Report To The Shareholder Of Botswana Oil Limited

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 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited
Botswana Oil Limited's financial statements set out on pages 43 to 80 which comprise:

- the statement of financial position as at 31 March 2020;
- 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;
- summaries of significant accounting policies, financial risk management and critical accounting estimates and assumptions; and
- the notes to the financial statements.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilitie's 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Adoption of IFRS 16 - Leases Disclosures relating to the adoption of IFRS 16 - Leases are contained in the summary of significant accounting policies note 2.1 (Changes in accounting policy) and note 2.2 (Measurement and recognition of leases as a lessee), and in note 6 (Property, Plant and Equipment, Right of Use) and note 14 (Lease Liability) to the financial statements. The Company adopted IFRS 16 - Leases ("IFRS 16") for the accounting period commencing 1 April 2019. We considered the adoption of IFRS 16 to be a matter of most significance to our current year audit due to the following: · the degree of judgement and estimation applied by the Company in determining the lease term and discount rate used to determine the right-of-use assets and related lease liabilities. The lease terms may include future lease periods for which the Company has extension options, which it is reasonably certain to exercise; · the magnitude of values of the right-of-use assets and lease liabilities; and · the potential risk of the lease data used in the calculation being incomplete or inaccurate.	Our audit procedures included the following: · We tested the completeness of the lease data by comparing rental payments made during the period to the lease data underpinning the IFRS 16 model; · We agreed the discount rate used to calculate the lease obligation to comparable interest rates offered to the Company by its main banking partner; · We evaluated the lease terms for reasonability, including the renewal periods, where appropriate, by inspecting the underlying contracts and assessing management's judgements for the lease periods applied in the lease calculation; and · We verified the accuracy of the underlying lease data with respect to a representative sample of leases to original contract or other underlying information and checked the integrity and arithmetical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment. Our procedures did not identify any material exceptions.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Oil Limited Annual Financial Statements for the year ended 31 March 2020". The other information does not include 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 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 and 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.

pwc

Independent Auditor's Report To The Shareholder Of Botswana Oil Limited

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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's re port 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 septicism 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

Individual practicing member: Rudi Binedell
Registration number: 20040091

Gaborone
9 November 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		P	P
Revenue	1	583,362,500	649,142,253
Cost of sales		(557,201,966)	(627,156,388)
Gross profit		**26,160,534**	**21,985,865**
Other operating income	2	30,392,832	7,691,777
Impairment of trade receivables		(4,367,157)	(985,402)
Administrative expenses		(69,838,551)	(64,249,733)
Loss from Operations		**(17,652,342)**	**(35,557,493)**
Finance income	4	9,165,105	4,001,843
Finance cost	4	(378,194)	-
Loss before income tax expense		**(8,865,431)**	**(31,555,650)**
Income tax expense	5	-	-
Loss after income tax expense		**(8,865,431)**	**(31,555,650)**
Other comprehensive income		-	-
Loss for the year		**(8,865,431)**	**(31,555,650)**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 P	2019 P
ASSETS			
Non Current Assets			
Property, plant & equipment	6	3,310,840	4,278,243
Right of use assets	6	4,974,847	-
Intangible assets	7	2,686,061	4,711,221
		10,971,748	**8,989,464**
Current Assets			
Inventories	8	3,918,839	7,493,887
Trade and other receivables	9	14,323,233	27,520,135
Investments	10	4,217,737	5,806,897
Cash and bank balances	11	400,693,512	304,363,156
		423,153,321	**345,184,075**
Total Assets		**434,125,069**	**354,173,539**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	12	113,127,939	113,127,939
Funds awaiting allotment of shares	13	156,669,319	100,000,000
Retained earnings		(116,825,448)	(107,960,017)
		152,971,810	**105,167,922**
Non Current Liabilities			
Finance lease liability	14	3,246,742	-
		3,246,742	-
Current Liabilities			
SSM liability	15	256,978	163,743,062
Finance lease liability	14	2,020,100	-
Shareholder's product loan	16	23,340,984	3,212,816
Government advances	17	151,954,520	37,147,767
Trade and other payables	18	100,333,935	44,901,972
		277,906,517	**249,005,617**
Total Liabilities		**281,153,259**	**249,005,617**
Total Equity and Liabilities		**434,125,069**	**354,173,539**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Stated Capital	Retained earnings	Total Equity
	P	P	P
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 of funds awaiting allotment of shares	100,000,000	-	100,000,000
Loss for the year	-	(31,555,650)	(31,555,650)
Balance at 31 March 2019	**213,127,939**	**(107,960,017)**	**105,167,922**
Balance as at 1 April 2019	213,127,939	(107,960,017)	105,167,922
Movement of funds awaiting allotment of shares	56,669,319	-	56,669,319
Loss for the year	-	(8,865,431)	(8,865,431)
Balance at 31 March 2020	**269,797,258**	**(116,825,448)**	**152,971,810**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Note	P	P
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before Income tax expense		(8,865,431)	(31,555,650)
Adjustments for :			
(Profit)/ loss on disposal of assets		19,938	(13,200)
Depreciation	6&7	5,406,328	3,518,205
Product loan - drawn from Government reserves	16	20,128,168	(6,439,296)
Interest income	4	(9,165,105)	(4,001,843)
Interest paid	4	378,194	-
Cash flows before working capital changes		7,902,092	(38,491,784)
Inventories	8	3,575,048	16,823,823
Trade and other receivables	9	13,196,902	(7,620,891)
Movement in money market Investments	10	1,589,160	(5,806,897)
Trade and other payables	18	5 5,431,963	4 ,494,339
Net cash utilised in operations		**81,695,165**	**(30,601,410)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment	6	(308,347)	(571,300)
Acquisition of intangible assets	7	(68,278)	(361,522)
Proceeds from disposal of assets		21,880	19,180
Interest received	4	9 ,165,105	4,001,843
Net cash generated from investing activities		**8,810,360**	**3,088,201**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(2,165,158)	-
Cash injection from SSM by the shareholder		56,669,319	100,000,000
Movement in government advances for Ghanzi projects	17	(3,476,562)	(450,069)
Movement in government advances for Francistown projects	17	8,934,147	(6,194,270)
Movement in government advance for Tank conversion	17	(80,844)	-
Government procurement loan utilised	17	109,430,013	8,981
Net cash generated from financing activities		**169,310,915**	**93,364,642**
Net Increase in cash and cash equivalents		259,816,440	65,851,433
Unrestricted cash and cash equivalents at the beginning of the year		140,620,094	74,768,661
Cash and cash equivalents at the end of the year	11	**400,436,534**	**140,620,094**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2020

1. General

Botswana Oil Limited ("BOL"/ the "Company") is a company fully owned by the Government of Botswana under the Ministry of Mineral Resources Green Technology and Energy (MMGE). 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) and comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements are prepared on a going concern basis and under the historical cost convention except where disclosed otherwise. 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 Policy

New and amended standards adopted by the Company:

The Company has applied the following standard for the first time for its annual reporting period commencing 1 April 2019:

- **IFRS 16 Leases**

The Company had to change its accounting policy and make certain transitional adjustments following the adoption of IFRS 16. This is disclosed in note 6 and 14.

As disclosed in Note 6 and 14, the Company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

The Company As A Lessee

For any new contracts entered on or after 1 April 2019, the Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2.1 Changes In Accounting Policy
Ifrs 16 Leases (continued)

- The Company has the right to direct the use of the identified asset throughout the period of use.
- The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low value or having a remaining lease term of less than 12 months from the date of initial application.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 April 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6.5%.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2.2 New Standards And Interpretations

International Financial Reporting Standards and amendments effective for the first time for March 2020 year-end

Number	Effective Date	Impact on the Financial Statements
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities. The narrow-scope amendment covers two issues: · The amendments allow companies to measure particular repayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. · How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.	Annual periods beginning on or after 1 January 2019	No impact on these financial statements.
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement. These amendments require an entity to: · Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and · Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.	Annual periods on or after 1 January 2019	No impact on these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2.2 New Standards And Interpretations (continued)

International Financial Reporting Standards and amendments effective for the first time for March 2020 year-end		
Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures. The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted.	Annual periods beginning on or after 1 January 2019	No impact on these financial statements.
Annual improvements cycle 2015-2017 These amendments include minor changes to: · IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. · IFRS 11,'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. · IAS 12,' Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. · IAS 23,' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.	Annual periods on or after 1 January 2019	No impact on these financial statements.
IFRIC 23, 'Uncertainty over income tax treatments IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specificguidance in the Interpretation and consider the impact on income tax accounting.	Annual periods on or after 1 January 2019	No impact on these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2.2 New Standards And Interpretations (continued)

International Financial Reporting Standards and amendments effective for the first time for March 2020 year-end		
IFRS 16 Leases This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. 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 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 of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.	Annual periods beginning on or after 1 January 2019	Refer to section 2.1 "Changes in accounting policy", note 6 and note 14 of these financial statements for the impact.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2.2 New Standards And Interpretations (continued)

International Financial Reporting Standards and amendments effective for the first time for March 2020 year-end

Number	Effective Date	Impact on the Financial Statements
Amendment to IAS 1, '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: · 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."	Annual periods beginning on or after 1 January 2020	No impact on these financial statements.
Amendment to IFRS 3, 'Business combinations' Definition of a business This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	Annual periods on or after 1 January 2020	No impact expected

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2.2 New Standards And Interpretations (continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective for March 2020 year-end

Number	Effective Date	Impact on the Financial Statements
IFRS 17, 'Insurance contracts' The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	Annual periods beginning on or after 1 January 2022 (following due process)	No impact expected
Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.	Annual periods beginning on or after 1 January 2020 (early adoption is permitted)	No impact expected

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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.

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 are carried at costs less accumulated depreciation and after accounting for any impairment losses. Depreciation is 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 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

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. Like all assets, intangible assets are expected to generate economic returns for the company in the future. As a longterm asset, this expectation extends for more than one year. These consists internally and externally generated assets.

The cost may include development costs or acquisition costs of the new software and costs incurred subsequently to enhance the software. Costs of software development are recognized as capital work in progress (WIP). The Work-in-progress is capitalised at the date when the economic benefits of the intangible asset start to accrue to the company. The capitalised asset will follow the depreciation policy of the existing intangible asset.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Intangible Assets (Continued)

Intangible assets are carried at costs less accumulated amortization and after accounting for any impairment losses. WIP is only amortized once completed and transferred to an asset. Amortization is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the asset as follows;

Item	Useful lifetime
SAP Oil-in-One	5 years
Software's	4 years

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.

The amortization of intangible assets is included in administrative expenses in the statement of comprehensive income (SOCI).

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 involve the 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Measurement And Recognition Of Leases As A Lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease-payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are any changes of in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been shown on the face of the balance sheet and lease liabilities have been disclosed as a separate line item on the face of the Balance sheet.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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.

Write Off Policy

The entity writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Definition Of Default

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the entity considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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 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. These are measured at amortised cost. Cash and cash equivalents are classified as low risk as they are held with highly reputable financial institutions.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured 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.

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 year, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Revenue Recognition

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

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 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.

IFRS 15 has no significant impact on these financial statements because of the following business model:

- The company operates a willing buyer, willing seller model which gives great resistance to commitment to contracts on the part of International Oil Companies (IOCs), as they use the company as a backup for their fuel supplies. They already have contracts with their sister companies in South Africa for fuel supply.

- The company uses the previous month 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 parties involved.

- The company also sells to Citizen entrepreneurship companies on a cash basis and there are no contracts in place. Revenue debtors (IOC's) are required to settle their invoices within 14 days from the invoice date and sales to citizen entrepreneurs are on a cash basis.

Cost Of Sales

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date. Where the entity is loss making, there is no tax that is calculated nor recognised. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject 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 MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide benefits for stakeholders. In managing capital, the Company strives to provide maximum benefits to stakeholders at the lowest possible cost. There were no borrowings during the year under review. There are no externally imposed capital requirements and there have been no changes to what the Company manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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 United States 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 companys risk to foreign currency fluctuations is largely mitigated through the operation of such natural hedges.

On 31 March 2020 the company's financial assets and liabilities denominated in foreign currencies are:

	2020	2019
	Debit/(Credit)	**Debit/(Credit)**
Bank balances		
United States Dollar	110 205	30 380
South African Rands	6 308 828	428 292
Trade payables		
United States Dollar	(99 394)	-
Great British Pound	(226 497)	(74 264)
South African Rands	(66 463 646)	(19 504 380)

At 31 March 2020, if the Botswana Pula had strengthened/weakened by 10% against the GBP with all other variables held constant, post-tax profit for the year would have been P22,649 (2019:P74,264) higher/lower, mainly as a result of foreign exchange gains/losses on translation of British pound denominated bank balances and payables.

At 31 March 2020, 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 P6,646,364 (2019:P1,950,438) higher/lower, mainly as a result of foreign exchange gains/losses on translation of South African rand denominated bank balances and payables.

FINANCIAL RISK MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Market Risk (continued)

(i) Foreign currency risk (continued)

At 31 March 2020, if the Botswana Pula had strengthened/weakened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been P9,939 (2019:-) 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.

	2020	2019
	(P)	**(P)**
Stanbic Bank Botswana Limited	364 164 112	277 115 083
First National Bank Botswana Limited	10 245 807	2 594 799
African Alliance Botswana	25 026 691	24 140 183
Standard Chartered Bank Botswana	17 823	18 894
Banc ABC Botswana Limited	9 907	11 220
	399 464 340	303 880 178

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. Surplus funds are invested in a manner to achieve maximum returns while minimizing risk. An increase of 1% in the interest rate in short-term cash deposits would increase interest income by P3 994 643 (2019: P3 038 802).

(iii) Price risk

As disclosed in Note 16.1 to the financial statements, the outstanding quantity of fuel loaned from the Government strategic reserve at the year-end date was 4 881 702 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 current financial year, the company accounted for a gain of P 11 785 394 (2019: P 3 656 047 gain) through decrease of this liability as a result of increases in the published slate price per litre subsequent to the initial drawdown.

FINANCIAL RISK MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

(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 from 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 2020.

	2020	2019
	(P)	(P)
Trade receivables (net)	2 104 404	15 885 202
Other receivables	4 846 798	2 132 217
Amounts due from related parties	7 372 031	9 502 716
Cash and cash equivalents	400 693 512	304 363 156
Investments	4 217 737	5 806 897

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 and there has been no increase in significant risk since initial recognition.

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.

FINANCIAL RISK MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

(v) 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.

As of 31 March, 2020	Total	Less than 1 year	Between 1 and 5 years
	P	P	P
Trade and other payables excluding statutory liabilities)	92 131 285	92 131 285	-
Lease liability	5 266 842	2 020 100	3 246 742
As of 31 March, 2019 Trade and other payables (excluding statutory liabilities)	37 677 817	36 677 817	-

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE YEAR ENDED 31 MARCH 2020

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 judgements 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.

Fair value estimation of financial assets

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices.
Level 3 - Inputs for the asset or liability that are not based on observable market data .

As at 31 March	Level 2	2020	2019
		P	P
Investments		4 217 737	5 806 897

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.

In relation to forward looking macro-economic factors, consideration was made based on the country's GDP and it is assessed to be stable. As a result, the impact of macro-economic factors is considered to be insignificant. Further, due to short term nature of receivables, it is anticipated that no significant changes impacting credit losses will occur in the short term.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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. This SSM was introduced on the 11th of July 2017 in the pricing of slate. The SSM is measured at P0.175 per litre on all regulated petroleum products. The SSM was collected at retail level by fuel retailers and paid to the Company from inception.

Accounting Treatment

The SSM collected by BOL on behalf of its shareholder (represented herein by the Ministry of Mineral Resources, Green Technology and Energy Security) are administered through a separate bank account held in the Company's name. These funds are then treated as a liability in the books of BOL until the shareholder transfers them to Bank of Botswana where other National funds are. There are distributed by the Company based on instructions of the shareholder.

A decision was taken to move the funds from BOL as a custodian to the Bank of Botswana account. The government issued an instruction to all companies to pay to the government account where other levies are. As of 31 March 2020, P256,978 was with still with BOL as the hand-over is still on going. Note 15 shows a comprehensive movement of the account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
1. Revenue		
Sale of petroleum products	583,362,500	649,142,253
	583,362,500	**649,142,253**
2. Other operating income		
Profit/ (loss) on disposal of assets	(19,939)	13,200
Management fee from replenishing strategic reserves	4,831,583	7,653,380
Tender fee	33,502	15,375
XTL reimbursement	24,867,424	-
Workshop registrations	12,698	9,822
HRDC training claims	667,564	-
	30,392,832	**7,691,777**
3. Profit before income tax is stated after charging the following items:		
Auditors' remuneration - audit fees	(559,925)	(346,200)
Depreciation	(5,406,327)	(3,518,205)
Directors' fees	(232,650)	(127,950)
Employee costs include		
Salaries and allowances	(26,725,572)	(25,846,987)
Gratuity, pension and severance	(5,467,960)	(5,597,649)
Lease rental expense	(862,002)	(2,199,114)
Cost of inventories expensed	(557,201,966)	(627,156,388)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
4. Finance income and costs		
Finance cost		
Exchange loss - realised	-	-
Interest on lease liability	(378,194)	-
	(378,194)	-
Finance income		
Interest income on call deposit	4,105,582	3,874,724
Exchange gains - unrealised	1,699,780	92,748
Exchange gains - realised	3,359,743	34,371
	9,165,105	4,001,843
Net finance income	8,786,911	4,001,843
5. Income tax expense		
Current income tax	-	-
Deferred income tax charge	-	-
	-	-
The entity is liable to income tax at the rate of 22%.		
Loss before tax	(8,865,431)	(31,555,650)
Income tax @ 22%	-	-
Expenses not deductible for tax purposes	-	-
Income not subject to tax	-	-
Income tax credit	-	-

The entity did not recognise the deferred tax asset as it is not probable that taxable profits will be available in the near future against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

6. Property plant & equipment

	Building Porto cabins	Plant & Equipment	Motor Vehicles	Furniture & Fittings	IT Equipment	Leasehold mprovements	Office Equipment	Total
	P	P	P	P	P	P	P	P
Year-ended 31 March 2019								
Opening net book amount	232,927	1 62,170	587,356	1,704,219	1,297,109	943,161	77,383	5,004,325
Additions	-	2 0,356	-	75,867	475,077	-	-	571,300
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	3 32,437	1,674,203	2,826,491	3,666,383	2,062,861	1 40,892	11,063,560
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**
Year-ended 31 March 2020								
Opening net book amount	196,863	1 42,781	478,629	1,470,370	1,234,347	705,424	49,829	4,278,243
Additions	-	-	-	62,872	237,114	-	8,361	308,347
Disposals	-	(13,638)	-	(66,706)	(118,325)	(23,826)	-	(222,495)
Depreciation charge	(36,064)	(39,744)	(81,940)	(315,754)	(509,209)	(223,384)	(27,837)	(1,233,932)
Depreciation on disposals	-	-	-	37,226	118,325	18,191	6,935	180,677
Closing net book value	**160,799**	**8 9,399**	**396,689**	**1,188,008**	**962,252**	**476,405**	**37,288**	**3,310,840**
At cost	360,293	3 18,799	1,674,203	2,822,657	3,785,172	2,039,035	1 49,253	11,149,412
Accumulated depreciation	(199,494)	(229,400)	(1,277,514)	(1,634,649)	(2,822,920)	(1,562,630)	(111,965)	(7,838,572)
Net book value	**160,799**	**8 9,399**	**396,689**	**1,188,008**	**962,252**	**476,405**	**37,288**	**3,310,840**
	Right of Use							
Year-ended 31 March 2020								
Opening net book amount								
Additions	7,053,805							7,053,805
Depreciation charge	(2,078,958)							(2,078,958)
Closing net book value	**4,974,847**							**4,974,847**
Reconciliation of IFRS 16								
The following is the amounts recognised and derecognised on 1 April 2019 on adoption of IFRS 16:								
Right-of-use assets recognised on 1 April 2019								7,053,805
Lease liabilities recognised 1 April 2019								(7,053,805)
Deferred lease provision under IAS 17 derecognised at 1 April 2019								(119,531)
Net assets as at 1 April 2019								**6,934,274**

The deferred lease provision was not adjusted to the right of use asset on day 1 as the impact was concluded to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7. Intangible assets

	Other Softwares		SAP Oil in One		Capital Work inprogress			Total
	P		P		P			
Year-ended 31 March 2019								
Opening net book amount	575,883		6,000,623		-	-	-	6,576,506
Additions	-		251,924		109,598	-	-	361,522
Depreciation charge	(263,328)		(1,963,479)		-	-	-	(2,226,807)
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**
Year-ended 31 March 2020								
Opening net book amount	312,555		4,289,068		109,598	-	-	4,711,221
Additions	68,278		-		109,598	-	-	177,876
WIP capitalised	-		-		(109,598)	-	-	(109,598)
Depreciation charge	(129,958)		(1,963,480)		-	-	-	(2,093,438)
Closing net book amount	250,875		2,325,588	-	109,598	-	-	2,686,061
At cost	1,444,527	-	9,352,151	-	109,598	-	-	10,906,276
Accumulated depreciation	(1,193,652)	-	(7,026,563)	-	-	-	-	(8,220,215)
Net book amount	**250,875**	**-**	**2,325,588**	**-**	**109,598**	**-**	**-**	**2,686,061**

SAP Oil in One ERP had a carrying amount of P2 325 558 at the reporting date with a remaining amortisation period of two (2) years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
8. Inventories		
Fuel inventory	3 ,918,839	6,477,303
Fuel supplies in transit	-	1,016,584
	3 ,918,839	7,493,887

	2020	2019
9. Trade and other receivables		
Trade receivables	6,471,561	16,870,604
Loss allowance	(4,367,157)	(985,402)
Trade receivables at amortised cost	2 ,104,404	1 5,885,202
Withholding tax receivables	731,143	597,545
Value added tax receivable	764,548	306,353
Related party debtors	7,372,031	9,502,716
Other receivables	3,351,107	1,228,319
	12,218,829	11,634,933
	1 4,323,233	**27,520,135**

	2020	2020	2020	2020
Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due - 0% (2019:0%)	979,795	9,158	9,922,548	
31- 60 days past due - 2.9% (2019: 0%)	638,727	-	152,709	-
61- 90 days past due - 91.7% (2019: 0%)	119,721	38,423	-	-
91- 120 days past due -41.7% (2019: 0%)	5,820	2,038	-	-
121- 150 days past due - 91.7% (2019: 0%)	17,457	-	-	-
More than 151 days past due - 91.7% (2019: 95.98%)	4,710,041	4,317,538	1 ,026,678	985,402
Non -trade receivables from Government	-	-	5,768,669	-
Total	**6,471,561**	**4,367,157**	**1 6,870,604**	**985,402**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Trade and other receivables (Continued)

At 1 April 2019		985,402
Provision raised on new trade receivables		3,381,755
Closing balance		4,367,157

10. Investments in Money Markets		
Employees gratuity invested at Botswana Insurance Fund Management (BIFM)	4 ,217,737	5,806,897
	4 ,217,737	**5,806,897**

11. Cash & cash equivalents		
Cash at Bank	4 00,688,069	304,356,756
Cash in Hnad	5,443	6 ,400
	400,693,512	**304,363,156**

The company holds a bank account with Stanbic bank for SSM funds. These funds are to be transferred to Bank of Botswana where other government funds are deposited. As at 31 March 2020 the funds were at P256 978 (2019:163 743 062)

	2020	2019
	P	P
12. Stated Capital		
123 127 938 Ordinary shares of no par value	**113,127,939**	**113,127,939**

13. Funds Awaiting Allotment of Shares

Funds awaiting alotment of shares represents cash received from the shareholder through Security of Supply Margin ("SSM") fund to the value of P156,669,319 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.

14. Finance lease liability	2020	2019
	P	P
Lease liability	5,266,842	-
Non- current liabilities	3,246,742	-
Current Liabilities	2 ,020,100	-
	5,266,842	-

The entity entered into a commercial lease on office premises. The lease period is five years with an option to renew. Future minimum rentals payable under non - cancellable leases as at year end are as stated above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

15. SSM liability	2020	2019
Balance as at 1 March	163,743,062	133,466,179
Receipted from fuel retailers during the year	235,796,248	230,276,883
Advanced to the Ministry of Mineral Resources, Green Technology and Energy and Allocated to Stated Capital (awaiting allotment) with approval of the Ministry	(100,000,000) (81,536,742)	(100,000,000) (100,000,000)
Transferred to Bank of Botswana	(217,745,590)	-
	256,978	**163,743,062**

16. Shareholder's Product Loan		
Cash loan		-
Product loan	23,340,984	3,212,816

16.1 Product loan				
The movement of the product loan is reflected below:				
	Qty in Litres	Pula	Qty in Litres	Pula
Opening balance	491,487	3,212,816	1,550,616	9,652,112
Utilisation by BOL	66,456,331	441,111,021	72,255,810	499,460,093
Replenishment to the strategic reserves	(62,066,116)	(409,197,459)	(73,314,939)	(502,243,341)
Measurement adjustment to cost of sales	-	(11,785,394)	-	(3,656,047)
Closing balance	4,881,702	23,340,984	491,487	3,212,816

The measurement adjustment at each month-end resulted in a gain of P11.785 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.

	2020	2019
	P	P
17. Government advances		
Government advance - BOL procurement	113,907,828	4,477,815
Government advance - Francistown Expansion Project	36,110,433	27,176,286
Government advance - Ghanzi Project	1,936,259	5,412,821
Government advance - Tank conversion Project	-	80,844
	151,954,520	37,147,767

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

17.1 Government adances				
The movement in government advances is refelected below:				
	BOL procurement	Francistown Expansion Project	Ghanzi Project	Total
	P	P	P	P
Balance as at 1 April 2019	4,477,815	27,176,286	5,412,821	37,066,922
Utilisation	(55,873,495)	(5,965,958)	(3,476,562)	(65,316,015)
Re-injection for the year	165,303,508	14,900,105		180,203,613
Closing balance as at 31 March 2020	113,907,828	36,110,433	1,936,259	151,954,520

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 COOC's (Citizen Oil Owned 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.

	2020	2019
	P	P
18. Trade and other Payables		
Trade payables	76,196,024	29,760,037
Other payables		
- Accruals	3,705,811	2,855,936
-Payroll accruals	8,149,807	5,806,897
- Other	1,282,293	6,479,102
	100,333,935	44,901,972

	2020	2019
	P	P
19. Financial assets by category		
The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable.		
Trade and other receivables	14,323,233	27,520,135
Cash and cash equivalents	400,693,512	304,363,156
Investments	4,217,737	-
	419,234,482	**331,883,291**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
20. 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	92,131,285	200,773,480
Lease liability	5,266,842	-
	97,398,127	**200,773,480**

	2020	2019
	P	P
21. Commitment and contingencies		
Lease Commitments		Non cancellable
Not later than one year	2,020,100	2,184,148
Later than one year and not later than 5 years	3,246,742	-
	5,266,842	**2,184,148**

22. Assets pledged

No assets were pledged as security for liabilities.

23. 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 and controlled 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 16 and note 17 of the financial statements.

BOL generates revenue through sale of fuel to government departments in the normal course of their operations. Amounts receivable from government owned entities and Amounts payable to government owned entities are made under ordinary terms of trade.

Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the Company directly or indirectly. For the company, this includes the directors (executive and non-executive) and managerial staff.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
Details of transactions during the year:		
Value of inventory utilised	-	-
Sales of fuel to government departments	11,896,813	9,661,918
Details of balances at the year end date:		
Amounts receivable from government owned entities	7,372,031	9,502,716
Amounts payable to government owned entities	175,295,504	40,360,583

Key Management Personnel

Directors Emoluments		
For services as directors	232,650	127,950
Year end payable balances		
Gratuity payable	4,258,401	5,806,897

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

24.0 Events After The Reporting Period

24.1 Contingent Liability/Contingent Asset

A claim of N$11 351 847 (BWP 7 551 788) was lodged against Botswana Oil Limited by Namcor Petroleum Trading and Distribution (Proprietary) Limited, a Namibian National Oil Company which was contracted to supply Botswana Oil Limited with fuel. The stated amount is in respect of fuel supplied between the month of December 2019 to February 2020.

The company has disclaimed this liability as they are not in agreement with the pricing model that Namcor applied in determining this price variance and is defending the action. Legal advice indicates that it is not probable that a significant liability will arise in respect of this matter instead Namcor is indebted to Botswana Oil Limited to the same amount as stated above.

24.2 Impact Of COVID 19

The impact of COVID-19 is a post balance sheet event for the Company. Botswana recorded its first positive cases of COVID-19 infection on 30 March 2020. Until this date, which is just before the end of the financial year-end and subsequent months prior to approval of the financial statements, the country had seen enforcement of a number of "social distancing" measures to curb the continued spread of the virus.
As a result of the global economic effects arising from the outbreak of COVID-19 there has been significant volatility in oil prices on global markets subsequent to the year-end and this had an impact on the sales revenue for the company. The decline in sales revenue is also attributable to reduced demand as citizens and residents had restricted movement. During the extreme lockdown sales revenue went down by 86% from P44 000 000 in March to P6 000 000 in April 2020. Due to the economic activities slowly resuming, BOL experienced a slight increase in sales in May. At the date of this report it is expected that this volatility will continue for the foreseeable future and hence it is difficult to quantify the full extent and duration of its impact.

"The Company has identified a number of measures available to it to limit the negative impact of COVID 19 on its business and these include the following:

a) Cost saving measures,
b) To invest up to 80% of cash in hand so as to earn interest;
c) Continue the use of alternative routes like Namibia and Mozambique to source fuel especially that South Africa is highly affected by COVID-19.
d) To maintain a healthy, safe and secure environment for employees
e) Improved debt collection measures"

In recognition of the unprecedented volatility and unpredictably of the current situation, the Board Directors and Executive Management recognise that this assessment may change in the short-term. Accordingly, they will continue to monitor actively global, regional and domestic developments to ensure that the Company safeguards the interests of all its stakeholders in a responsible and calculated manner.

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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