



BOTSWANA OIL
Your Fuel. Your Future

ENSURING SECURITY OF SUPPLY

2020/2021 ANNUAL REPORT



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BOTSWANA OIL LIMITED

BRAND PHILOSOPHY

VISION

To be a significant player in the oil and gas industry

MISSION

Ensuring the security of supply through sustainable and efficient distribution of petroleum products and services

VALUES

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.

COMMERCIAL EXCELLENCE

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

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.

TEAMWORK

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

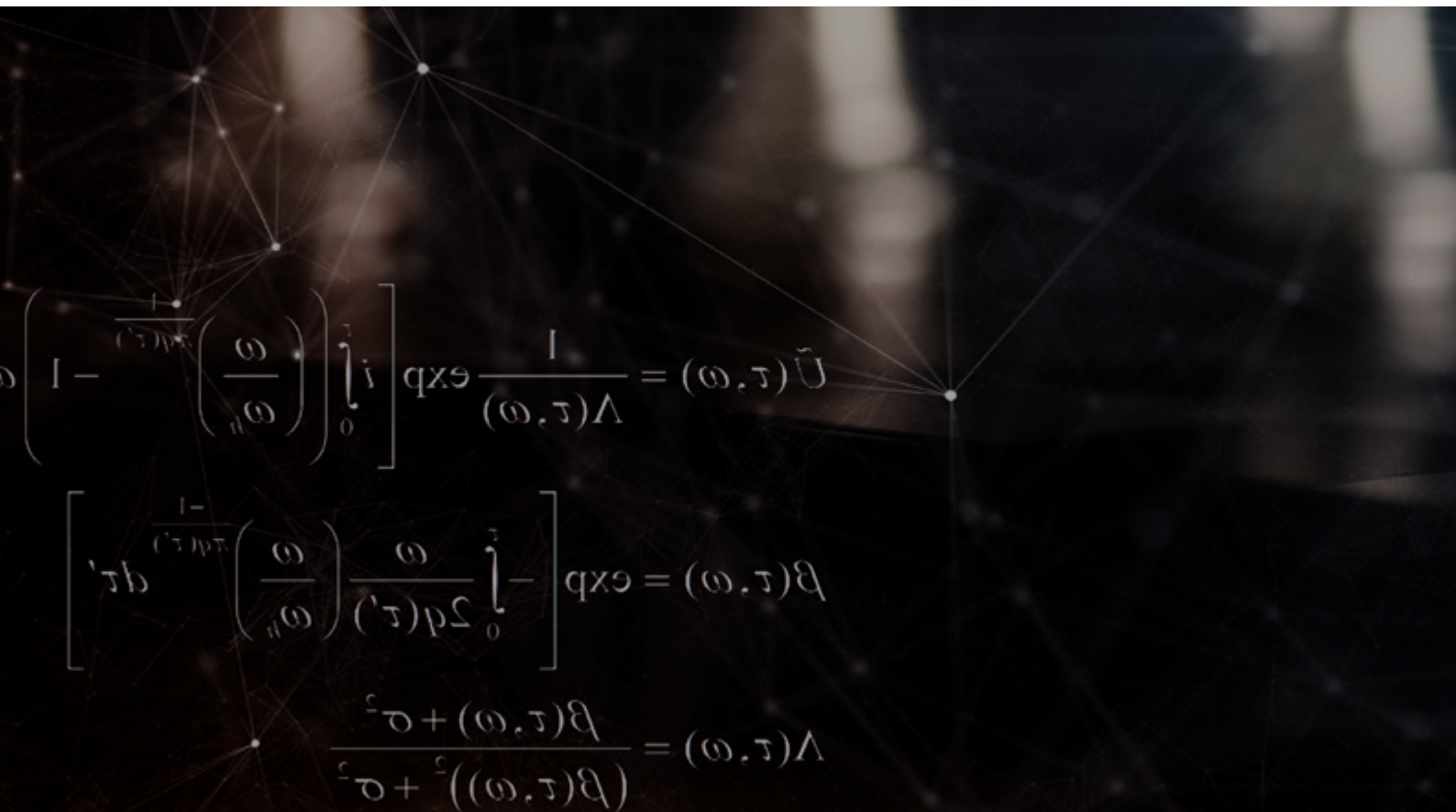
SOCIAL RESPONSIBILITY

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





CORPORATE PROFILE, GOVERNANCE STRUCTURE AND STRATEGY





$$5x + 4qx = 3x_3 + x_2 + 4x + C \begin{bmatrix} 3 \\ 0 \end{bmatrix} = 105$$
$$x = \frac{-p \pm \sqrt{p^2 - 4ac}}{2a}$$

$$e^{x+iy} = e^x (\cos y + i \sin y)$$
$$x^2 + 4x + C \begin{bmatrix} 3 \\ 0 \end{bmatrix} = 105$$
$$\frac{-p \pm \sqrt{p^2 - 4ac}}{2a}$$

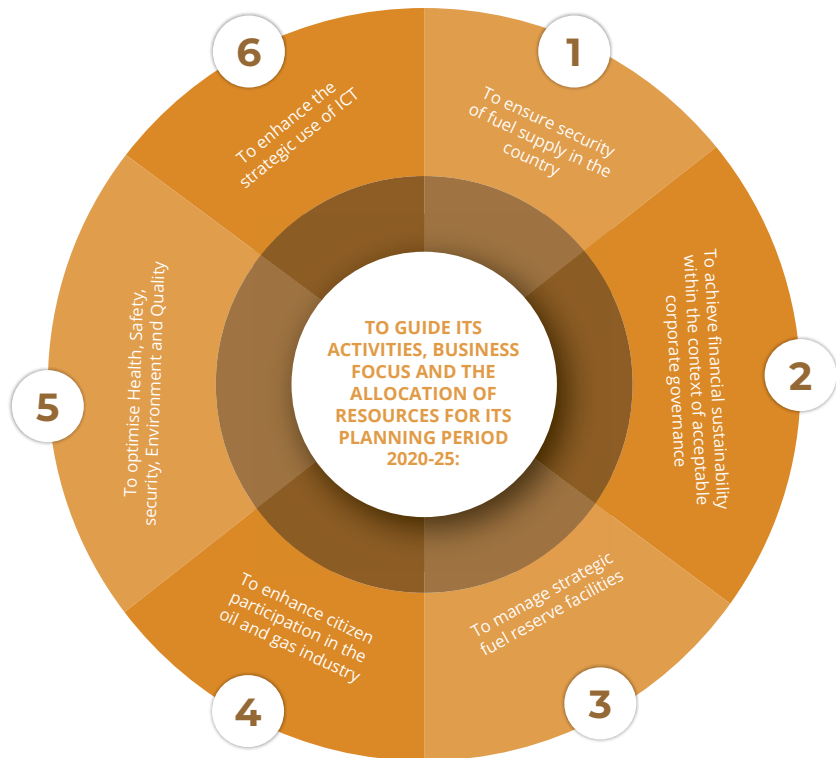
CORPORATE PROFILE, GOVERNANCE STRUCTURE AND STRATEGY

CORPORATE PROFILE

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:

KEY STRATEGIC OBJECTIVES



GOVERNANCE

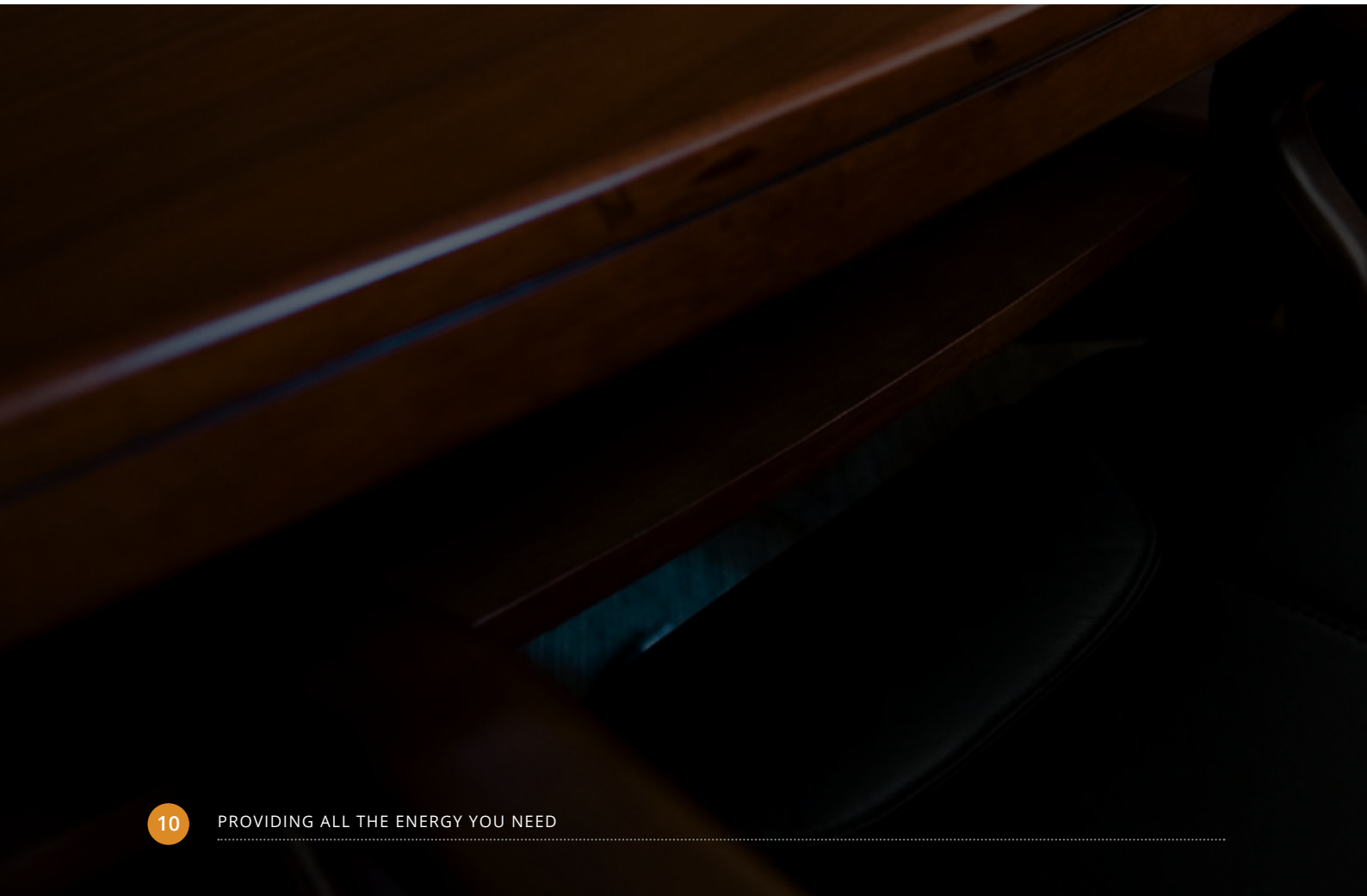
Botswana Oil Limited, as a wholly Government of Botswana owned Company, is run by a Board of Directors. The Board of the Company is appointed by the Shareholder, through the Minister of Mineral Resources, Green Technology and Energy Security. In appointing the Board Members, the Minister takes into consideration their areas of expertise, experience and ability to make meaningful contributions to the business of the Company. In line with best practice for corporate governance, Botswana Oil Limited has adopted the King IV Code on Corporate Governance. BOL is committed to upholding good corporate governance in all its business operations, in respect of its interaction with the Shareholder, and all Stakeholders in discharging its mandate.







THE BOARD





THE BOARD

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 had a fully constituted Board. Botswana Oil Limited's Board was constituted as follows:

Dr. Joel Sentsho	Board Chairman (appointed 1st August 2018), end of term in office 31st March 2021
Setshedi Botlhole-Mmopi	Independent Non-Executive Board Member (Re-appointed 01st August 2021). End of term in office 31st July 2025
Seabo Keorapetse	Non - Executive Board Member (appointed 1st August 2018), end of term in office 31st March 2021
Ogomoditse Maruapula	Independent Non-Executive Board Member (re-appointed 11th July 2019), end of term in office 31st March 2021
Batsho Dambe-Groth	Independent Non-Executive Board Member (re- appointed 11th July 2019), resigned 12th March 2021
Midas Sekgabo	Non - Executive Board Member (appointed 11th July 2019), end of term in office 31st March 2021
Christophine Ofentse	Non - Executive Board Member (appointed 11th July 2019), end of term in office 31st March 2021
Meshack Tshekedi	Executive Director (his tenure is tied to his capacity as 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 three (3) ordinary meetings and 13 (thirteen) 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 professional 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 the BTC convened four (4) meetings.

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 FARC committee Terms of Reference approved by the Board empowering 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 independent oversight of effectiveness of assurance functions, integrity of annual financial statements, oversee corporate risk management, compliance with the corporate policy, laws and regulations, to the Board. It reviews budgets and the annual financial reports with Management before consideration and approval by the Board.

The Committee convened three (3) 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

THE BOARD

continued

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 convened two (2) meetings during the review period.

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 the Committee convened six (6) 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:

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

REPORTING TO THE SHAREHOLDER

As a Company wholly owned by the Botswana Government, the BOL Board reports to the Minister of Mineral Resources, Green Technology and Energy Security regularly, as guided by the Shareholder Compact. Management reports to

the Shareholder regularly through meetings with the Minister as well as with the Permanent Secretary in the Ministry of Mineral Resources, Green Technology and Energy Security. Quarterly briefings are done for the State President as part of the larger Ministry's reporting, to apprise him of the operations of the Company, its successes, challenges, and future plans.

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

On behalf of the Botswana Oil Limited Board, I am pleased to present to you this, the 7th Botswana Oil Limited Annual Report. During the year BOL continued to drive security of supply projects and initiatives, prudently managed the Government strategic infrastructure and reserves, continued to facilitate citizens in the sector as well as drove financial sustainability for the Company against a backdrop of the most challenging global business operating environment due to the COVID-19 pandemic.

Despite the hostile environment brought about by advent of the COVID-19 pandemic where supply of fuel from normal routes was immensely challenged, the Company achieved sales volumes of 112.84 million litres against volumes of 89.55 million litres year on year the previous reporting period. This is equivalent to 9.4% of national consumption under normal market conditions, compared to the 7.5% achieved last year.

BOL operations took a knock during the first quarter of the reporting period especially the first two months as the country was forced to impose a national lockdown to contain the COVID-19 pandemic. The lockdown-imposed restrictions on movement of people among other things, thereby affecting the transportation sector, and by extension, reduced national demand for fuel. This had an adverse impact on BOL operations for the period of the lockdown.

During the second quarter the country experienced supply disruptions from the regular supply route of South Africa and this plunged the country into a fuel crisis. BOL took the lead by engaging the Government to authorise supply from alternative routes as well as support the industry through release of strategic reserves. BOL was able to supply an average of 30% of the market demand during the second quarter thereby reducing the impact of the fuel crisis to the

economy. The COVID-19 pandemic and the resultant conditions did not only reveal the resilience of the Company to act timely and rise up to the occasion to avert a national catastrophe, it also revealed the resilience and commitment of BOL staff, management and the Board. Staff worked extra hours to meet the demand that arose following the lifting of the lockdown and travel restrictions. Staff, and the Board donated cash and leave days towards the COVID-19 Fund which was used to support companies and individuals who had been impacted by the economic disruptions occasioned by the pandemic.

OPERATIONS

BOL's strategic importance came to light during the review period. The fuel supply disruption that gripped the country emanating from shortages could have had a more crippling

effect on the national economy had it not been for BOL's intervention. BOL's importation of product from alternative routes, expediting product from RSA as well as release of strategic reserves into the economy cushioned the product supply shortfalls and helped to restore the status quo. The incident highlighted the criticality of having strategic reserves and adequate storage as a country.

The silver lining that resulted from the supply disruptions tragedy is the peaked sales by BOL which recorded increased sales for the months of June to August 2020 when travel restrictions were lifted following the national lockdown.

The challenges for BOL to effectively implement the mandate during the year remained, in the absence of any legislative instrument that would empower BOL to have captive import volumes. The main



112.84m

litres sales volume for the year



P9.2m

Net profit against a budgeted loss of P30 million

restriction continued to be the lack of an import licence that would see BOL consolidate national volumes resulting in captive business for the Company. In the absence of the import licence the Company continued operating in a willing-buyer-willing-seller environment. There was, however, progress towards BOL's efforts to get an import licence as Cabinet confirmed BOL's import mandate business model and approved that BOL can apply for 50% of the country's consumption.

CORPORATE GOVERNANCE

Guided by its Board Charter, the Board remained committed to its fiduciary duties and to steer the BOL ship to anchor in safe waters. All Board positions remained filled during the year, ensuring sustainable corporate performance

and the sound management of the Company's business and associated risks. The array of skills, expertise and experience of the Board Members ensured a cross-pollination of ideas to guide BOL's business.

To remain relevant to the business and the ever-changing operational environment, the Board continued to employ the triple bottom line sustainability framework to evaluate its effectiveness, and by extension, the Corporation's performance. Security of Supply, Stakeholder Management, Safety, Health and Risk issues were emphasized, with policies and Standard Operating Procedures (SOPs) for the various operations introduced or reviewed, enforced, and monitored. Health, Safety, and Environment issues were streamlined into the Company's operations and given the emphasis due to them in an organisation dealing in volatile products such as fuels.

Stakeholders were segmented and their varied needs and interests managed accordingly.

The year covered a period when the Company focussed on securing an import licence which would facilitate its implementation of its mandate through the consolidation of national volumes. This season of



TO REMAIN RELEVANT TO THE BUSINESS AND THE EVER-CHANGING OPERATIONAL ENVIRONMENT, THE BOARD CONTINUED TO EMPLOY THE TRIPLE BOTTOM LINE SUSTAINABILITY FRAMEWORK TO EVALUATE ITS EFFECTIVENESS, AND BY EXTENSION, THE CORPORATION'S PERFORMANCE

BOARD CHAIRMAN'S STATEMENT

continued

the preparation and application for the import licence called for careful analysis, mapping, and extensive engagement of all stakeholders, which the Company achieved fully.

Ordinary Board Meetings as well as Board Committee meetings were convened as scheduled or as and when deemed necessary. The Social and Ethics Committee which had remained dormant since the establishment of the Company, was revived to advise the Board on ethical issues that are related to BOL's activities. 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.

STRATEGIC PLANNING

BOL's strategic plan that covered the years 2015-2019 came to an end during the previous reporting period. Under the Board's guidance, the Company reviewed the strategic plan to bring it in line with the emergent business imperatives that will guide the Company through the next five years. The Company's vision remained **"To be a significant player in the oil and gas industry"**. The mission was reviewed to **"Ensuring the security of supply through sustainable and efficient distribution of petroleum products and services"**

The strategic imperatives were focused on addressing the needs of the Company which had emerged as the most critical that BOL had to focus on to drive its goals. These include:

- The acquisition of the 50% Import License or Plan B-Implement which entails the vertical integration strategy
- Drive Citizen Economic Empowerment
- Infrastructure development and expansion

- Deliver on key projects including the Coal-to-Liquids (IXTL), development of the Tshele Hills Storage infrastructure, development of the Ghanzi Depot and Expansion of the Francistown Depot
- Diversification of revenue streams
- Diversification of supply-routes
- Pursuing partnership opportunities
- Stakeholder Management and Lobbying (License; Political risks; Regulatory risks; Funding)
- Leveraging and harnessing the use of digital Technologies

For the next review period, BOL will focus on the above in its pursuit to effectively deliver on its mandate to ensure the security of supply for the nation, manage Government strategic reserve facilities and facilitate the meaningful participation of citizens in the oil and gas sector.

FINANCIAL PERFORMANCE

The year under review was a challenging year due to the COVID-19 global pandemic which was accompanied by supply disruptions, oil prices and exchange rates depreciation as well as overall reduction in demand for product due to travel restrictions. Despite all the challenges it experienced, BOL returned a good net profit of P9.2 million against the budgeted loss of P30 million.

The Company achieved sales volumes of 112.836 million litres compared to 89.551 million litres the previous year, a 26% improvement. BOL managed to rescue the local market during the June to August supply crisis by supplying 20%-30% of the market demand, thereby reducing the extent of the crisis while also increasing sales volumes. The Company also maximised on sourcing and service efficiencies to the customer. The sales volumes sold in the reporting

period represented about 9.4% of the national demand, an improvement from 7.5% the previous year.

Revenue for 2021 was P598.520 million an increase from P583.362 million in 2020 as a result of net increase in sales volumes (26% increase) and a decrease in selling prices which went down significantly (23%) from the previous year due to the COVID-19 pandemic which affected global oil prices.

APPRECIATION

On behalf of the Board, I extend heartfelt gratitude to the BOL staff, for their resilience and unwavering support and dedication to see BOL achieve its goals. The COVID-19 pandemic disrupted business and affected us all at a personal, family, company, and national level but despite all this, our customers, stakeholders and especially the Shareholder remained committed to support BOL. For that, I thank you all.

Through the Customer Satisfaction Survey we conducted, our customers provided us with invaluable feedback which we will use to inform our future strategies to improve our service offering.

Le ka moso bagaetsho!



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.



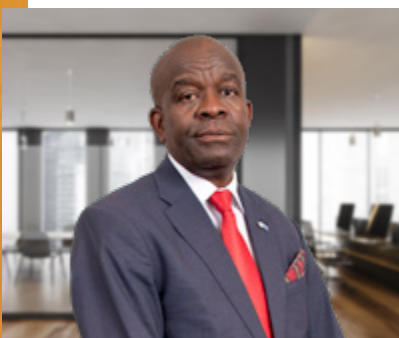
BATSHO DAMBE-GROTH **BOARD MEMBER**

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.

BOARD OF DIRECTORS



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 RILC, 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.

BOARD OF DIRECTORS

continued



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.

BUSINESS MODEL

Botswana Oil Limited was established through a Presidential Directive CAB 28 (A)/2010, approved by Cabinet, and mandated it to;

- i. Ensure security and efficiency of supply and the distribution of petroleum products in Botswana.
- ii. Manage state owned petroleum strategic storage facilities, strategic stocks, bulk distribution facilities; and
- iii. Facilitate the meaningful participation of citizens in the oil industry.

At establishment, the Deloitte Strategy that operationalised Botswana Oil Limited recommended that the Company consolidates supply volumes and does 100% importation of petroleum products into the country, in a quest to ensure national security of supply and guard the economy against supply shocks due to the lack of a limited strategic fuel storage capacity and infrastructure.

In August of 2020 Cabinet endorsed the recommendation. Due to the absence of enabling legislation for BOL to consolidate imports, the Company continues to operate on a willing-buyer-willing-seller basis. BOL currently procures approximately 10% of the market volumes. These volumes are, however, too low to achieve the requisite economies of scale to enhance security of supply and facilitate citizen owned companies which is the primary mandate of BOL. 90% of imports are handled by International Oil Companies (IOCs) and other Oil Marketing Companies (OMCs). The Company has applied to BERA for an initial 50% import licence. In view of the anticipated 100% procurement mandate, BOL will not participate in the retail and commercial space, enabling the IOCs and COOCs to compete whilst BOL competes in the open market for product sourcing.



CHIEF EXECUTIVE OFFICER'S STATEMENT

Since establishment, the 2020/21 Financial year presented the greatest exposure of Botswana Oil Limited to macroeconomic risks. This was brought about by the global events in the economic arena, which directly or indirectly resulted in reduced petroleum products demand and fluctuating prices of the product.

OPERATIONS

The outbreak of the COVID-19 health pandemic also posed unprecedented challenges for the Company's operations. The lock-down during the second quarter of the reporting period presented mixed fortunes for the Company. During the lock-down, demand significantly reduced, and the Company's earnings correspondingly dropped. However, upon the lifting of the lockdown, demand soared and BOL made its greatest sales for the year during this period. Quite a silver lining on a dark cloud.

BOL's management of the Government' strategic reserve facilities and stock has never been put to test as it was during the review period. With a supply disruption in-country which was attributable to factors nationally, regionally, and internationally, BOL had to rise to the occasion to avert a possible national crisis. A delicate balance between keeping the country wet and ensuring the consistent availability of strategic reserves had to be struck. Achieving this in the face of the global supply challenges was testament to the commitment BOL had to ensuring Botswana is kept wet.

CAPITAL PROJECTS

The capital projects that the Company had carried forward from past reporting periods continued during the year. Most of these projects' main objective is to increase the country's strategic reserve facilities from the current 18 days cover to approximately 60 days. As the

custodian and manager of these Government facilities, BOL continued to ensure that the sites of those projects that had been previously suspended, were maintained in readiness for the resumption of construction. One such project was the Tshele Hills Petroleum Storage Facility Project.

TSHELE HILL PETROLEUM STORAGE FACILITY

The project intends to address the Government objective of achieving 60 days of petroleum products days cover as strategic stock. The project will see the construction of a 186 million litre storage facility in the Kgatleng District. Two years ago, the project was suspended due to funding constraints. During the year, the project was resuscitated and by the close of the review period, the project was at feasibility stage. This stage was scheduled for completion

in the second quarter of the next review period. Eight milestones will be concluded during the feasibility study and of these, work had started on three, which are Inception, Needs Analysis and Solutions Options Analysis as well as Due Diligence.

GHANZI DEPOT

The Environmental Impact Assessment (EIA) and fencing of the 39 0132m² facility site was completed during the year, at a cost of P4,491,367.38. As a company, annual rental fees levied on BOL were prohibitive and to address this, the Shareholder resolved to transfer the ownership of the land to the Department of Energy. This is in line with the fact that the strategic storage facilities BOL manages are in essence owned by the Government. During the review period, BOL acquired burrow pit surface rights for construction on the land and these were accordingly



22

the number of **parking bays** at the Gaborone Truck Staging Centre



186

million litres - Tshele Hills Storage capacity

approved by the Ghanzi Land Board. Funds permitting, construction will commence in the next review period and scheduled completion is April 2024.

GABORONE TRUCK STAGING CENTRE

One of the key projects BOL delivered on during the year is the Gaborone Truck Staging Centre which was officially opened in September 2020. The state-of-the-art Centre was constructed to address the traffic congestion, risks and hazards posed by fuel transporting trucks which queued along Haile Selassie Road next to the Botswana Oil Fuel Depot. Boasting 22 parking bays, office, ablution and catering facilities, the centre is open, not only to fuel transporters, but other bulk transporters too.

COAL-TO-LIQUIDS PROJECT

Through BOL, Botswana is pursuing coal beneficiation through the Coal/Gas-to-Liquid project (XTL) named Ikaegeng XTL Project. The XTL project has a potential to ensure Botswana's fuel self-sufficiency, diversify the economy and create employment.

The project, which is a Public Private Partnership (PPP) project will see coal beneficiation whose objective is to ensure Botswana's fuel self-sufficiency. Other benefits will include economic diversification as well as employment creation.

Significant progress was achieved on the project during the year. A Request for Proposal was released to the market in December 2020 and studies to confirm the Technical, Commercial and Legal viability of the Project in Botswana also completed.

FINANCIAL PERFORMANCE

The year under review was a financially challenging year due to the COVID-19 global pandemic which was accompanied by supply disruptions, oil prices and exchange rates depreciation as well as overall reduction in demand for product



BOTSWANA OIL LIMITED'S RESILIENCE AS A BUSINESS WAS DEMONSTRATED THROUGH THE COMMITMENT OF ITS STAFF, THE SUPPORT FROM THE SHAREHOLDER, CUSTOMERS, AND OTHER STAKEHOLDERS. TO ALL, I EXTEND MY GRATITUDE.



CHIEF EXECUTIVE OFFICER'S STATEMENT

continued

due to travel restrictions. Despite all the challenges it experienced, BOL returned a good net profit of P9.2 million against the budgeted loss of P30 million.

Despite the hostile environment brought about by the advent of COVID - 19 pandemic where supply of fuel from normal supply routes was immensely challenged, the Company achieved sales volumes of 112.836 million litres compared to 89.551 million litres the previous year, a 26% improvement. BOL managed to rescue the local market during the June to August supply crisis by supplying 20%-30% of the market demand, thereby reducing the extent of the crisis while also increasing sales volumes. The Company also maximised on sourcing and service efficiencies to the customer. The sales volumes sold in the reporting period represented about 9.4% of the national demand, an improvement from 7.5% the previous year.

Revenue for 2021 was P598.520 million an increase from P583.362 million in 2020 as a result of net increase in sales volumes (26% increase) and a decrease in selling prices which went down significantly (23%) from the previous year due to the COVID-19 pandemic which affected global oil prices.

Margins made during the year amounted to P38.965 million compared to P26.160 million the previous year, an improvement of 49%. The Company managed to make some decent margins through exploring alternative routes such as the Namibian route (which yielded lower prices than the import parity hence making a supply margin) as well as through transport savings made on mode of transport to Francistown. There was also a gain realised on the revaluation of own stock due to price fluctuations during the reporting period. The gross margins were also affected by the revaluation losses

of stock loan mostly stemming from BOL's inability to achieve accurate levels of demand fore-casting due to the willing buyer willing seller model. These contributed to an attainment of a Gross Margin of 34.5 thebe per litre against a targeted 38.6 thebe per litre.

During the year, BOL spent P72.485 million, a reduction of 2% from the previous P74.206 million the previous year. The improved performance in costs was due to the following;

- BOL managed to recover some of the bad debts that were previously provided for.
- Holding off the recruitment of some positions due to the delay on the issuance of the import license and lack of office space.
- Additional costs savings were due to the limitations brought about by the COVID-19 restrictions which impacted the organisations' ability to implement certain activities such as training, travel, marketing, and stakeholder relations activities.

The company closed the year with an overall P9.218 million profit compared to the previous year's loss of (P8.865 million). A very good performance by any measure given all the challenges that were prevailing in the market. The good net profit performance was due to Oil prices depreciation; South African Rand / Pula favourable exchange rate; prudent management of costs; and decent interest income

COOPERATION AGREEMENTS

Over the years BOL has been working with various national, regional and even international partners in a quest to improve the service it offers. Cooperation Agreements have been signed with some of these partners. Following engagements with Mozambique and Namibia on BOL sourcing product from them as alternative routes, BOL did bring in some product through these routes. The hurdle in fully developing

these routes remained the high diseconomies these routes attract.

In keeping with its commitment to support educational development, BOL extended its cooperation with BIUST beyond the sponsorship the Company has been giving the institution over the last four years. The two entities signed a Memorandum of Understanding in December 2020. The cooperation will guide collaboration in the areas of crude oil refinery and research in crude oil resources, amongst other areas.

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

True to the adage that charity begins at home, in the wake of the COVID-19 pandemic, BOL put measures in place to safeguard its staff through the provision of interventions to address the pandemic and cushion its possible effects on staff. Relevant policies were developed, and implemented, including a working from home policy. Over and above this, a shift system was introduced for staff, to address overcrowding at the office and promote social distancing. A War-Room was set up, and information sharing, psycho-social counselling and other services made accessible through it.

Through a campaign "COVID-19 - A Reality of our Times" public education on the pandemic protocols and other relevant information was disseminated.

BOL's Corporate Social Responsibility programme delivered a netball court for Lephepe Primary School which is a BOL adopted school. Still in line with its objective to support educational development, BOL donated air-conditioners to a library in Rasesa, as well as various books to both the library and the primary school in the village.

To address the COVID-19 pandemic in schools, sanitiser dispensers, and masks were donated to Lephepe and some schools in Gaborone and the Kgatleng District.

In the spirit of giving back to the communities in which it operates, BOL donated a fenced, self-contained outdoor gym to Old Naledi Village. The village is home to one of BOL's key infrastructural projects, the Gaborone Truck Staging Centre.

A house construction project in Ramotswa was almost complete by the close of the year. The house will be donated to the community, and it will benefit the entire community.

APPRECIATION

I attribute all the success the Company recorded during the year to the hard work and support of its Board, customers and staff. Le ka moso!



Meshack Tshekedi
Chief Executive Officer



EXECUTIVE MANAGEMENT



MESHACK TSHEKEDI **CHIEF EXECUTIVE OFFICER**

Meshack holds an MSc. in Engineering Management (University of Missouri) and a Bachelor of Science in Chemical Engineering and Economics (University of Missouri). He also holds a Certificate in Fundamentals of Supply Chain Management (Centurion Institute of Technology & Management).

Meshack's career commenced when he joined Debswana Diamond Company as Junior Process Engineer in 2002 and was later engaged by Kgalagadi Breweries as Strategic Planning Manager.

He joined the Consultancy field in 2004 as a Consultant for X-pert Botswana. Meshack proceeded to Kgalagadi Breweries and Botswana Breweries where he held various posts including National Supply Chain Manager and Group Supply Chain Director. He took up the role of General Manager for MRI Botswana in 2010. Meshack was appointed Group Supply Chain Director for SAB MillerAfrica – Zambian Breweries Group PLC (Zambian Breweries, National Breweries & Hendrics Beverages) in 2013. Returning from Zambia, Meshack Tshekedi joined Botswana Oil Limited (BOL) as General Manager - Corporate Policy, Strategy and Business Planning in 2015. He then joined Botswana Investment & Trade Centre (BITC) as Chief Operations Officer and later Ag. Chief Executive Officer.



MOSETLHO KENAMILE **ACTING CHIEF OPERATIONS OFFICER**

Mosetlho holds an MSc. in Engineering Management (University of Pretoria) and a Bachelor of Engineering Degree (University of Botswana).

He began his career at Rural Industries Innovation Centre (RIIC) and AR Edwards and Associates Consulting Engineers and then he worked for North Atlantic Engineering Consultants. His move to the Petroleum industry was in 2008, where he worked as a Technical Advisor (Mining Key Accounts) for Engen Botswana. He later joined BP Botswana and served in various capacities including Transport Manager and Depot Manager. In 2011, Mosetlho was appointed as Operations Manager for Puma Energy Botswana where he was primarily responsible for management of four (4) ground fuel depots and four (4) aviation fuel depots. He was assigned as Distribution Manager for Engen Botswana in 2012, responsible for Supply Chain Management.

EXECUTIVE MANAGEMENT



MODISE KOOFHETHILE **GENERAL MANAGER - STRATEGY**

Modise holds a Master of Science in Strategic Management from the University of Derby, UK. He also has a Higher National Diploma in Business Administration – Materials Management, from Conestoga College of Applied Arts and Technology, Canada. In addition, he has taken part in several professional programs including the Management Development Program from the University of Cape Town, South Africa.

He started his career in 1992 at Debswana Diamond Company in Jwaneng as Materials Supply Trainee. He rose through the ranks over a period of 5 years and was appointed Materials Controller- Inventory in 1997.

Later in 1997 he joined Motor Company Botswana as Line Supply - Section Manager and went on to hold the position of Production Planning and Control – Section Manager. In 1998 he joined Manica Botswana for a short period before returning to Motor Company Botswana as Logistics Systems Manager in 1999.

In 2005 he joined Kgalagadi Breweries as Distribution Manager at Gaborone Depot. His keen business acumen saw him progressing to the position of Gaborone Depot Manager, then Operations Director a position he held from 2007 until 2009.

Modise left Kgalagadi Breweries in 2009 to serve at the helm of Gaborone Container Terminal (GABCON) as the Managing Director.



OLIVIA KAMEUNGU RAMASELWANA **CHIEF FINANCE OFFICER**

Olivia holds a Bachelor of Commerce Degree (Accounting) from the University of Botswana. She has a professional Accountancy qualification ACCA (FCCA) from the Financial Training College (United Kingdom) and is a fellow of the Botswana Institute of Accountancy (FCPA). She has over 20 years' experience in Finance and 14 years of those in the Petroleum industry.

Olivia's career started at Price Waterhouse in 1997 where she was engaged as a Trainee Auditor. She held various positions in the company and progressed to Senior Audit Assistant in 2000.

She joined BP Botswana in 2002 as a Business Analyst and held numerous positions in the company including Business Planning Analyst, Final Reporting Accountant, Assistant Finance Manager and Financial Controller. Olivia served on the Botswana Oil Industry Pricing Committee from 2005 – 2010. In 2011, she joined Puma Energy as a Financial Controller and proceeded to G4S Botswana in 2012 as a Financial Controller.

EXECUTIVE MANAGEMENT

continued



TSHEGOFATSO KENOSI **ACTING GENERAL MANAGER OPERATIONS**

Tshegofatso holds a Master of Business Administration from Sheffield Hallam University (UK) and a Bachelor of Arts (Majors in Economics and Accounting) from the University of Botswana. He also holds a Management Development Program (MDP) from University of Stellenbosch Business School.

He has 20 years experience in the oil and gas industry. He began his carrier in 2000 as an Assistant Treasury Accountant at BP Botswana. He held various positions at BP Botswana including Depot Relief Manager and Transport Manager. He later joined Puma Energy in 2010 as a Transport Manager and was promoted to the position of Depot and Transport Manager in 2011, a position he held until 2013.

Tshegofatso joined Botswana Oil in February 2014 as Head of Depot Operations. He was appointed Acting General Manager Operations in August 2019, a position he holds to date. He underwent oil and gas training in Bulk Stock tanks, LTO Storage and Handling, LTO Transport Operations and LTO Stocks Management.





SENIOR MANAGEMENT TEAM



“ DESPITE THE CHALLENGES POSED BY THE PANDEMIC IN THE WORLD OF WORK, BOL CONTINUED WITH ITS EFFORTS TO BUILD A **HIGH-PERFORMANCE CULTURE** WHILE ENHANCING PRODUCTIVITY, MOTIVATION AND ENGAGEMENT. ”



From left

- 1 Gamu Mpofo
Head of New Ventures
- 2 Otlaabotsa Tsie
Head of Enterprise Risk
- 3 Matida Mmipi
Head of Stakeholder Relations
- 4 Phatsimo Moeti-Joel
Head of Health Safety Security and Environment
- 5 Patrick Mmusi
Head of Internal Audit
- 6 Thabo Simon
Head of Commercial

SENIOR MANAGEMENT TEAM



From left

- 7 Tebogo Erick
Head of Hydrocarbons Sourcing
- 8 Latelang Chakalisa
Head of Legal and Company Secretary
- 9 Solani Setlhako
Acting Head of Information Technology





OPERATIONAL HIGHLIGHTS



35M

LITRES FRANCISTOWN DEPOT
CAPACITY



26M

LITRES GABORONE DEPOT
CAPACITY



20M

LITRES GHANZI DEPOT CAPACITY





OPERATIONAL HIGHLIGHTS

OPERATION AND MAINTENANCE HIGHLIGHTS

During the review period, significant progress was made in procurement relating to government projects which are being implemented under Botswana Oil. These include the management of the Government strategic fuel storage facilities and stocks. All tanks at the Gaborone Depot remained in service. Maintenance of three tanks at the Francistown Depot which were out of service for most part the review period was completed, and the tanks put back in service in November 2020, increasing the capacity of strategic reserves by an additional 8,600 m3 of AGO 50 ppm.

PROJECTS

TSHELE HILL PETROLEUM STORAGE FACILITY

The project intends to address the Government objective of achieving 60 days of petroleum products days cover as strategic stock. The project will see the construction of a 186 million litre storage facility in the Kgatleng District. The Project entails the Transaction Advisor undertaking a feasibility study for further development of the project with the aim to address the key drivers of affordability, risk transfer and value-for-money. By the close of the year, the project was at feasibility stage which was scheduled for completion in the second quarter of the next review period. Eight milestones will be concluded during the feasibility study. And of these, work had started on three, which are Inception, Needs Analysis and Solutions Options Analysis as well as Due Diligence.

GHANZI DEPOT

The erection of the perimeter fence for the development of the Ghanzi storage depot project was successfully completed during the year at a cost of P4,491,367.38. The cost covered fencing and the Environmental Impact Assessment (EIA) of the plot. A survey report valid for 10 years was granted by the Department of Environmental Affairs (DEA). Following discussions with the Shareholder, it was resolved that the ownership of the land upon which the depot sits be transferred to the Department of Energy (DoE) to address the high annual rental fees levied on entities such as Botswana Oil. By the close of the review period, burrow pit surface rights had been secured for construction and approved by the Ghanzi Land Board.

GABORONE TRUCK STAGING CENTRE

The Truck Staging Centre was constructed to address the traffic congestion, risks and hazards posed by fuel transporting trucks which queued along Haile Selassie Road next to the Botswana Oil Fuel Depot. The centre is a state-of-the-art centre which houses vehicles awaiting service at the Gaborone Depot. It is connected to the Gaborone Depot through an advanced queuing system that facilitates the orderly and timely servicing of the vehicles. The centre boasts 22 parking bays, ablution facilities and other amenities for the truck drivers. The centre is open to other bulk transporters who may need a safe overnight or extended stay facility for safe keeping of their vehicles and or consignments.

The centre, which was constructed at a cost of P4,590,785 was officially opened on the 21st of September 2020 by the Minister of Mineral Resources, Green Technology and Energy Security Hon Lefoko Maxwell Moagi.

FRANCISTOWN DEPOT EFFICIENCY IMPROVEMENT PROJECT

The Depot Takeover Project Efficiency Improvement project is planned for the next review period, with the completion date scheduled for September 2021. The project entails the upgrading of the product transfer pipeline to the adjacent Engen and Vivo Energy depots, construction of the transfer pump station and overhead pipe bridge between Government Reserves Storage and Vivo Depot. The civil, mechanical, and electrical works contractors were appointed during the review period and by the close of the review period, the project was yet to commence. The scheduled project completion date was September 2021.

UPGRADE OF THE GABORONE FIREFIGHTING SYSTEM

Through the project, a fire-line connected to the additive system will be constructed. During the year, the Engineering, Procurement and Construction Manager (EPCM) completed the detailed engineering design for the upgrade of the existing firefighting system. However, the project could not proceed to procurement of contractors due to the high engineering costs estimate for construction, compared to the budget which was available. The project will be budgeted for in the next budgeting cycle.

IMPLEMENTATION OF TERMINAL AUTOMATION SYSTEM (TAS) AT GABORONE DEPOT

A Terminal Management System that will be installed during this project will increase efficiency and productivity in managing depot operations. The system will operate as the terminal's business management system to produce accounting, metering and transportation documentation such as bills of lading and desk top view

OPERATIONAL HIGHLIGHTS

continued

of stock levels. The system was commissioned before the close of the review period.

DEVELOPMENT OF ADDITIVE INFRASTRUCTURE AT GABORONE DEPOT

The project entails the installation of an additive injection system and associated infrastructure which will be added to the existing loading infrastructure which includes Injectors, pumps, injection points, piping and storage tanks. The project is scheduled for completion during the first quarter of the next reporting period.

INSTALLATION OF A LABORATORY AT GABORONE DEPOT

The Gaborone Depot Laboratory project entails installing a facility fitted with product quality testing equipment to test a variety of parameters. By the close of the year, the procurement process had commenced. A supplier of the equipment had been identified and the project was at contracting stage.

COAL-TO-LIQUIDS PROJECT

Through BOL, Botswana is pursuing coal beneficiation through a Coal/Gas-to-Liquid project (XTL) named Ikaegeng XTL Project. The XTL project has potential to ensure Botswana's fuel self-sufficiency, diversify the economy and create employment.

The project is a Public Private Partnership (PPP) project. The preferred PPP model for the project was selected using risk-based decision techniques where six PPP models were evaluated to determine the type of PPP model that would best suit the overall business model for the project, while seeking to allocate project risks optimally between the

parties to the PPP. The Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) model was selected as the preferred PPP model to take the project forward.

During the review period, the Project completed the following:

- Development of the Request for Proposal was complete and released to the market in December 2020. The Bid Administration was ongoing by the close of the year.
- Conducted studies to confirm the Technical, Commercial and Legal viability of the Project in Botswana.

By the close of the review period, the bidder was expected to respond with a Bankable Feasibility Study. This aspect of work was scheduled for completion during the 2022/23 review period.

STOCK POSITION

The review period closed with the Government Reserve Storage (GRS) stock cover at twelve (12) days. The average days cover for the year stood at 9 days. The movement in days cover is largely attributable to product purchases by Government between the months January and March 2021. Government purchased a combined cumulative 4.8 million litres of Diesel 50PPM and ULP93 from the Francistown Depot.

Table 1: Stock Position at end of March 2021

Government				
	ULP 93	ULP 95	AGO 50PPM	TOTAL
Opening Stock (As of 1 April 2020)	3,588,847	9,416,832	14,110,859	27,116,538
Receipts	8,372,791	2,147,822	16,070,024	26,590,637
Transfers	- 7,232,861	- 1,756,987	- 7,258,375	- 16,248,223
Tank Variances	-	- 124,155	- 52,437	- 176,592
Closing book stock	4,728,777	9,683,512	22,870,071	37,282,360
Number of days stock cover				12

SUPPLY

Following its unsuccessful application for an import licence, Botswana Oil's business model remained the same and the Company continued to operate on a willing seller willing buyer model. Sales performance for the year stood at 9% below budget.

The year got off to a slow start due to the COVID-19 pandemic which resulted in a national lockdown and therefore reduced travel and demand for fuel. Sales peaked when travel restrictions were relaxed and record sales of 22million litres were recorded between June and July 2020. The increased sales were

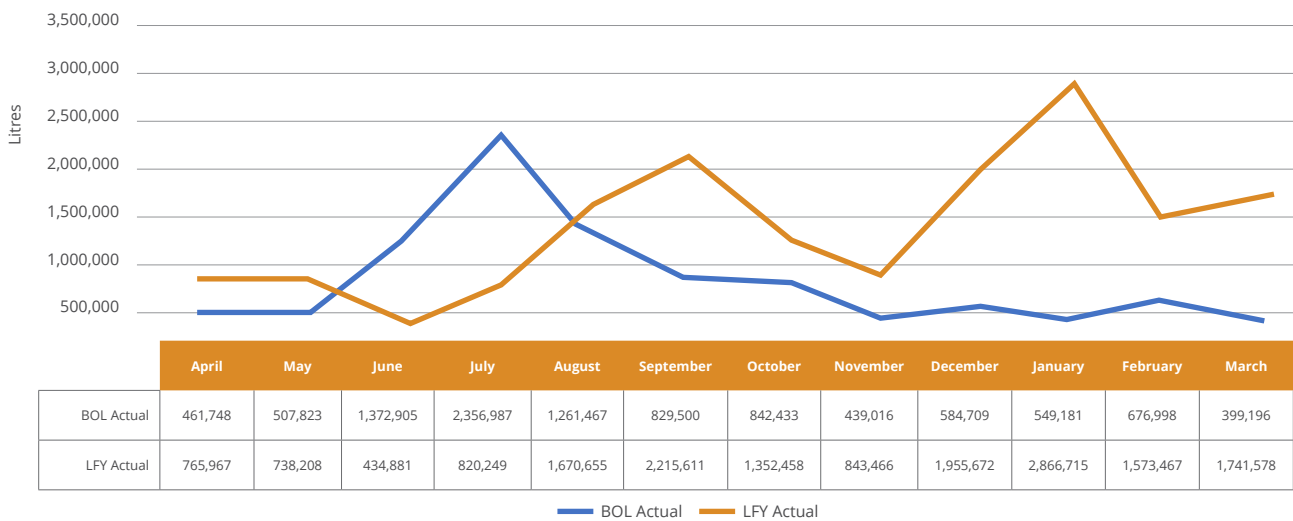
OPERATIONAL HIGHLIGHTS

continued

also attributable to a fuel supply crisis International Oil Companies and Citizen Owned Oil Companies operating in Botswana faced, resulting in them all buying their product from BOL. Fifty-eight 58% of sales made during the year were Diesel 50PPM, 26% Unleaded Petrol 95 and only 16% Unleaded Petrol 93. Sixty-four 64% of sales were issued out of the Gaborone Depot, with 35% sold Ex-Francistown and only 0.5% sold through direct bridging. The total volumes procured for the review period totaled 106.936 million litres of which 97.127 million litres was commercial purposes and 9.809million litres for strategic stocks. Of the total annual sales, 101.8million litres were to IOCs. This was an increase from 72.5million litres the previous reporting period. 10.2million litres were sold to COOCs. This was a decrease from 16.9million litres the previous reporting period.

COOC's Sales Performance

Actual Vs LFY

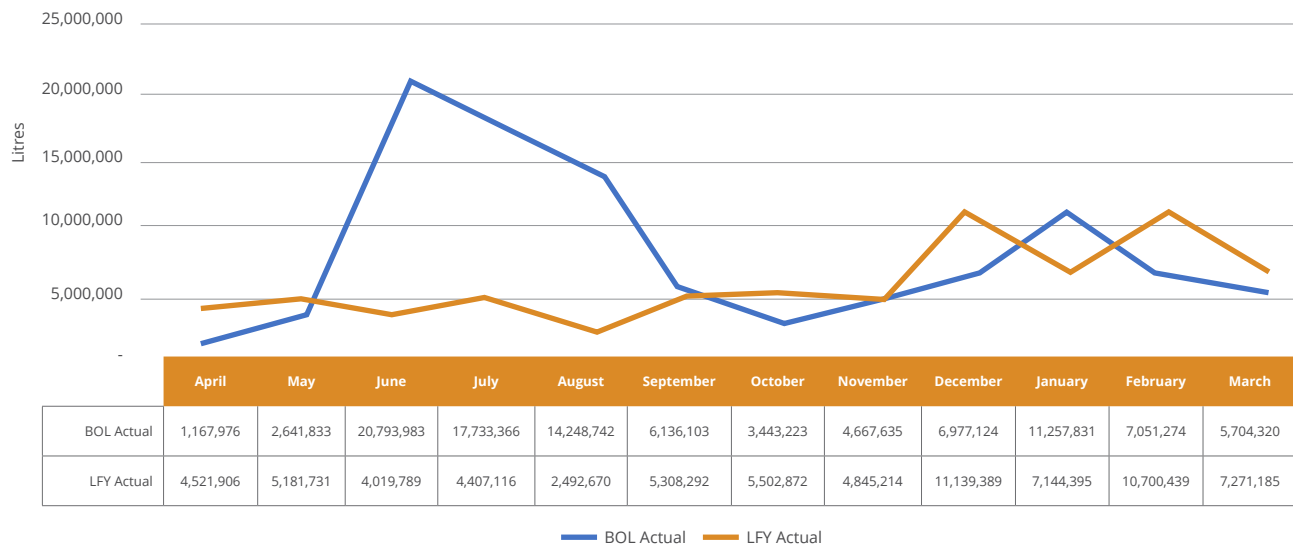


ALTERNATIVE ROUTES

The high diseconomies continued to be a challenge to full and permanent implementation of alternative route sourcing. Average diseconomies for the Mozambique route range between 50 and 80 thebe per litre. A total of 10.52 million litres was procured from Mozambique during the year under review. Namibia diseconomies were between 10-35 thebe per litre on average. For the year, 33.4 million litres were procured from Namibia.

IOCs Sales Performance

IOC Actual Vs LFY





OPERATIONAL HIGHLIGHTS

continued

HEALTH SAFETY SECURITY ENVIRONMENT

BOL HSSEQ commitment is Goal zero: which means Zero Fatalities, Zero injuries, Zero Spills and Zero significant incidents. The objective is to protect personnel, property, environment, information, and reputation 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.

BOL recorded positive HSSE performance throughout the year 2020/2021 maintaining goal zero. All HSSEQ key performance indicators/targets which are aligned with Organisational strategic objective remained positive.

HSSE Key Performance Indicator's for The Year

Key Performance Indicators	KPI/Measure	Actual 2019/2020	Targets 2020/2021	Actual Mar 2021	YTD Mar 2020/2021	Comments - for the year ending 31st March 2021
Promote adherence to HSSE policy and stewardship	Zero Days(Without LTI)	366	366 days	31 days	365 days	No Lost time injury
	LTIFR	0	0	0	0	No Lost time injury
	No of Fatalaties	0	0	0	0	No fatalities
	No of spills>100kg	1	0	0	0	Zero Spillages
	No recordable cases	0	0	0	0	No recordable cases
	No of significant HSSE audit findings	0	0	N/A	N/A	No HSSE Audits yet
HSSE integrated HSSE management system	OMS Development & Implementation	94 %	100 %	98 %	98 %	OMS Development completed. OMS Rolled out throughout the organisation. The System brand Senthhaga and scheduled for go live during the second quarter of the next review period

On average, BOL recorded positive HSSE performance throughout the year. All the HSSE key performance indicators/targets remained positive.

A contamination assessment of the Rail Siding Spill Incident that occurred in 2019 was completed. The assessment focused on a contamination assessment for underground water contamination from the product spill. The assessment involved drilling of underground monitoring wells, water sample collection and testing. The assessment and testing report recommended clean up and remediation. The Bioremediation Clean-up work was completed in November 2020. Monitoring and reporting will continue until March 2022. By the close of the review period, all the reports indicated positive remediation results.

The Health Safety Security Environment and Quality (HSSEQ) Management System (MS) development Project which commenced during 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 other relevant standards. Document development was completed, and the project rollout plan approved. The project was scheduled for go live during the second quarter of the next review period. The project was aptly branded Senthhaga, in line with the analogue that the system will ensure the safekeeping of BOL documents, just like a bird's nest.

OPERATIONAL HIGHLIGHTS

continued

OUR PEOPLE

LEADERSHIP DEVELOPMENT

As an effort to ensure effectiveness in the execution of the recently reviewed BOL Strategy, the whole management team was trained on the “Four Disciplines of Execution” to inculcate a culture of high-quality implementation, maximum engagement with minimum disruption to business operations in pursuit of attainment of strategic goals and objectives. In addition, BOL conducted leadership assessments to gauge the current leadership capabilities in relation to the newly developed competency framework. BOL understands that the successful execution of the strategy and a high-performance culture hinges on effective leadership and will therefore continue to put in place leadership development interventions that aim to equip the management team with the requisite leadership competencies and skills.

COVID – 19 SUPPORT

The coronavirus crisis is a story with an unclear ending. What is clear is that the human impact is already tragic. BOL found it imperative to act diligently to protect its employees, address business challenges and mitigate risk. Given the nature of BOL’s business, employees based at the depots were deemed essential service providers during the first lockdown in the country to date. They are charged with receiving fuel from transporters who deliver from outside the country which poses a high risk of COVID-19 exposure to the employees. BOL undertook to provide them with psychosocial support in addition to agile cross-functional safety and crisis management interventions. While being alive to the need for business continuity, BOL joined the rest of the world in introducing the

working from home arrangement as an effort to de-congest the office and manage the spread and possible effect of the COVID-19 pandemic. This arrangement was enabled by providing employees with all the necessary tools of trade and support to ensure employees remain as comfortable and productive at home as they would in the traditional office.

EMPLOYEE RECOGNITION

Despite the challenges posed by the pandemic in the world of work, BOL continued with its efforts to build a High-Performance Culture while enhancing productivity, motivation and engagement. The Company has adopted an all-rounded Employee Recognition and Reward Program which is meant to recognise and reward exceptional employee performance and behaviour that support the Company’s values. It is important for BOL to reinforce and recognise the actions and behaviours that the Company repeatedly wants to see. The portfolio of rewards and recognition covered both financial and non-financial awards.

EMPLOYEE ENGAGEMENT

Following the employee engagement survey that was conducted during the previous reporting period, BOL embarked on a mission to improve employee engagement levels through the implementation of the action plan that aimed at addressing all the areas of concern that were identified from the survey report. Furthermore, the Company continued to promote dialogue with employees through quarterly Lekgotla Engagements which are attended by all employees and create a platform to update employees on financial performance, stakeholder engagement, the corporate score card, departmental updates as well as planned initiatives.







BOTSWANA OIL
Your Future

Team

Certificate

CELEBRATING
5 YEARS OF SERVICE



The certificate is awarded to
MOSETLHO KENAMILE

Thank you for demonstrating the continued commitment required to achieve excellence and success.



BOTSWANA OIL
Your Fuel, Your Future

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY



11

WORKSHOPS CONDUCTED FOR
THE PUBLIC



13

CITIZEN OWNED OIL COMPANIES
WHICH WERE ACTIVE DURING THE
YEAR



Over 100

CITIZEN OWNED COMPANIES
REGISTERED ON BOLS DATA BASE



STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

In a quest to understand its varied stakeholders' needs and be in a better position to address them, BOL embarked on a Customer Satisfaction Survey during the year. The survey, which is conducted bi-annually, amongst other things assessed the impact of BOL operations on its customers, various customer satisfaction levels and customer service gaps. Initiatives to address gaps identified by the survey findings were prioritised and an implementation plan developed. The implementation of the initiatives started during the year and those that require a budget were budgeted for and will be implemented in the next budget cycle.

Guided by its Corporate Social Responsibility policy, BOL remained committed to cushioning the effects of its operations on the communities in which it operates and the nation at large. This was done through minimizing the Company's environmental footprint for all its projects. The BOL Corporate Social Responsibility (CSR) Policy places emphasis on educational development, community upliftment and the environment, amongst others. In line with this, BOL engaged in several projects in various areas around the country. The projects included constructing a netball court for Lephepe Primary School which the Company adopted in 2018. BOL also donated parasol umbrellas to informal traders in the Gaborone's Central Business District, 200 chairs to Sorilatholo Kgotla, an outdoor gym to the Old Naledi Community as well as sponsor athletes to the Comrades Marathon. The Company also donated air-conditioners to Rasesa Library and reading books to Rasesa Primary School.

The Company continued to maintain a community presence in line with its Stakeholder Management Strategy. Stakeholder consultations were done at every level, through briefings to Cabinet, the Minister, Permanent Secretary, and various interest groups such as Business Botswana, IOCs and COOCs. Eleven (11) workshops were held to train COOCs in the various aspects along the oil and gas value chain. The training covered an introduction to the industry, pricing, transportation, health, safety and security.

Internally, communication lines were kept open between Management and staff. Quarterly Lekgotla engagement sessions were also used to apprise staff on the Company's operations and ensure alignment of all to the Company's Strategy. Two team building sessions were also held for staff.

ANONYMOUS TIP-OFF PROGRAMME

The Tip- Off Anonymous programme introduced in 2015 continued recording a minimal number of reports. During the year under review, no report was received.

The Tip- Off Anonymous programme is an innovative business solution aimed at strengthening the ethics culture and combating fraud within the structures of BOL. In addition to providing a fraud and ethics hotline for all stakeholders to anonymously report any dishonest, suspicious and inappropriate behaviour in the workplace, the service ensures that the whistle-blower's identity is protected. For transparency, objectivity and independence the programme administration remained in the hands of an external firm.



RISK AND OPPORTUNITIES

Over the years Botswana Oil Limited has established a robust Enterprise Risk Management (ERM) structure supported by an Enterprise Risk function which reports quarterly to the Finance, Audit and Risk Committee (FARC) of the Board of Directors on risk and opportunity related matters. The main function of the FARC is to assist the Board in discharging its duties of managing the Company's internal controls and risk management systems. The Committee continuously reviews reports on management of internal controls, risk management and makes the requisite recommendations to the Board for approval.

BOL is committed to ensuring alignment to ISO 31000:2018 and the principles of the King IVTM Code for Corporate Governance. To this end, BOL is committed to maintaining an integrated and enterprise-wide risk management programme to ensure risks are managed in a way that the interests of all stakeholders are protected. Integrating risk management improves decision making in governance, strategy, objective setting and day to day operations which enhances performance.

RISK APPETITE

BOL Risk Appetite and tolerance levels were defined in the Risk Appetite Statement (RAS) and approved by the Board in April 2020. The RAS improves alignment of the risk management approach to corporate strategy development and implementation subsequently leading to more efficient allocation of resources and enhancement of internal controls. By the close of the review period, development of the Annual Enterprise Risk Management Plan was underway. The scheduled completion time was the first quarter of the next review period.

RISKS

Over the years, BOL adopted a risk management approach that seeks to continuously process, analyse and manage all opportunities, threats and risks facing the Company.

Following the declaration of the COVID-19 a global pandemic by the World Health in March 2020, the country subsequently went into lock down in April 2020. In response, BOL established a COVID-19 Business Continuity Management Committee which was tasked with:

- Ensuring the safety of employees and continuity of business operations
- Establishing and maintaining remote working conditions
- Enhancing HSSEQ controls to align with COVID-19 protocols

A budget was availed to enable the Committee to deliver on its mandate.

- Botswana faced one of its worst crises since establishment in June-July 2020 when the country experienced a severe fuel supply disruption which led to dry-outs and long queues at fuel retail sites. In response, BOL ramped up supply across alternative routes and in liaison with Government released strategic reserves which alleviated the situation.

OPPORTUNITIES

- **Import Mandate License** - In November of 2020, BOL applied for a licence with the Botswana Energy Regulatory Authority (BERA) to import and supply up to 50% of the volume of petroleum products consumed in the Country in line with the Presidential Directive CAB 26 (A) / 2020. The import licence

will afford BOL the opportunity to effect its mandate which is to ensure the security and efficiency of fuel supply to Botswana and promote active citizen involvement in the petroleum industry.

By the close of the review period a response was yet to be received from the Regulator.

- **Increased Volumes** - As a wholesale importer, the opportunity exists for BOL to increase volumes and percentage imports into the country by the supply and distribution of fuel to major consumers. BOL is thus engaging with players in the mining industry in pursuit of this opportunity.





OUTLOOK

BOL aims to initially serve under Downstream as a primary distribution channel to wholesale market in Botswana or other markets in the region. The company will later position itself in Midstream to have a role in bulk supply sales in other countries, it may also participate in the retail sector of Botswana where IOC's withdraw from Botswana and in other countries. The ultimate goal for BOL is to position itself in Upstream to enable it to play a role in end-to-end oil and gas value chain and ownership of reserves. This could also include production and bulk supply sales in other countries.



BASIS OF PREPARATION AND PRESENTATION OF THE REPORT

Since it commenced operations in 2013, BOL has had unqualified accounts. The financial statements for the year ending 31st March 2021 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.



BOTSWANA OIL LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

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35.555
96.268
87.270

91.941
73.138

81.438

79.609
96.132

71.007

87.072

92.490

45.161

92.595

3.244

44.353

22.242

26.073

83.712

69.648

73.963
50.267

58.102

25.799

47.922

BOTSWANA OIL LIMITED

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

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 (Resigned 31st March 2021)
Ms Batsho Dambe-Groth	Member (Resigned 31st March 2021)
Mr Ogomoditse Maruapula	Member (Resigned 31st March 2021)
Mr Meshack Tshekedi	Member/ CEO (Appointed 01st June 2020)
Ms Caroline Setshedi Botlhole-Mmopi	Member (Appointed 01st August 2018)
Ms Seabo Keorapetse	Member (Resigned 31st March 2021)
Mr Midas Sekgabo	Member (Resigned 31st March 2021)
Ms Christophene Ofentse	Member (Resigned 31st March 2021)

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
Absa Bank Botswana
First National Bank Botswana

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

BOTSWANA OIL LIMITED

STATEMENT OF DIRECTORS RESPONSIBILITY

AS AT 31 MARCH 2021

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 60 to 91 were authorised and approved for issue by the Board of Directors on 7 September 2021 and are signed on its behalf by:



Chief Executive Officer

Meshack Tshekedi



Director

Setshedi Botlhole-Mmopi

INDEPENDENT AUDITORS 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 2021, and of 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 60 to 91 comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

Key audit matters are those matters that, in our professional 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.

INDEPENDENT
AUDITORS REPORT
 TO THE SHAREHOLDER OF BOTSWANA OIL LIMITED



Key audit matter	How our audit addressed the key audit matter
<p>Accounting for Funds awaiting allotment of shares</p> <p>The key disclosures relating to the capital reserves are set out in the following notes in the financial statements;</p> <ul style="list-style-type: none"> • Note 15, Capital Reserves <p>In the 2020 financial statements, Funds awaiting allotment of shares represented cash received from the Government of Botswana through the Security of Supply Margin levy (SSM).</p> <p>As per agreement with the Government, this money is used by the Company in its operations to fund its working capital requirements.</p> <p>Management’s understanding was that BOL would need to issue shares in exchange for the capital injection received.</p> <p>The Government indicated that this is a capital contribution and that there is no requirement on BOL to repay these funds. No services have been performed by BOL to the Government in exchange for these funds and the Government does not expect any services to be rendered in exchange for these funds.</p> <p>In the prior financial year, these funds were disclosed in the financial statements as funds awaiting allotment of shares as a separate class within equity. The funds are in substance a capital contribution as they are non-reciprocal in nature. The disclosure in the financial statements has been updated to reflect that these funds are no longer “Funds awaiting allotment of shares”, but rather a capital contribution.</p> <p>Accounting for funds awaiting allotment of shares was a matter of most significance to the current year audit due to the potential risk of misstatement due to the unusual nature of the change in classification.</p>	<ul style="list-style-type: none"> • We obtained and inspected the operational guidelines document issued by the Ministry of Mineral Resources, Green Technology and Energy Security (MMGE) to BOL regarding the operation of SSM to gain an understanding of the operating framework for implementation as articulated by the MMGE. This document confirmed that the SSM funds collected could be disbursed from SSM for the procurement of trading stock upon approval by MMGE. • We obtained and inspected correspondence between BOL and the Permanent Secretary of the Ministry of Mineral Resources, Green Technology and Energy Security who stated that there is no requirement for BOL to issue shares to the Government in exchange for the receipt of these funds, and the funds will not be allocated to shares as the Government already owns %100 of BOL. • Using our IFRS expertise, we assessed management’s proposed change in classification from Funds awaiting allotment to a separate reserve in equity against the requirements of IAS 1 and concluded that the presentation in the current year financial statements is appropriate.

INDEPENDENT

AUDITORS REPORT

TO THE SHAREHOLDER OF BOTSWANA OIL LIMITED



Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Botswana Oil Limited Annual Financial Statements for the year ended 31 March 2021". 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 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDER OF BOTSWANA OIL LIMITED



- 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.

A handwritten signature in black ink, appearing to read 'Kosala Wijesena', written over a light blue horizontal line.

Individual Practicing Member: Kosala Wijesena
Registration Number: 20000110

Gaborone
24 September 2021

BOTSWANA OIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 P	2020 P
Revenue	1	598,520,833	583,362,500
Cost of sales	2	(559,555,850)	(557,201,966)
Gross profit		38,964,983	26,160,534
Other operating income	3	34,927,792	30,392,832
Impairment gain/(loss) on trade receivables		3,982,086	(3,381,755)
Administrative expenses	4	(76,467,464)	(70,823,953)
Profit /(loss) from Operations	4	1,407,397	(17,652,342)
Finance income	5	10,017,753	9,165,105
Finance cost	5	(2,206,697)	(378,194)
Profit/(loss) before income tax expense		9,218,453	(8,865,431)
Profit/(loss) after income tax expense		9,218,453	(8,865,431)
Other comprehensive income		-	-
Total comprehensive income/(loss)		9,218,453	(8,865,431)

BOTSWANA OIL LIMITED
SUMMARY OF FINANCIAL POSITION
 FOR THE YEAR ENDED 31 MARCH 2021

ASSETS	Note	2021 P	2020 P
Non Current Assets			
Property, plant & equipment	7	3,195,804	3,310,840
Intangible assets	8	2,983,926	2,686,061
Right of use assets	9	2,895,889	4,974,847
		9,075,619	10,971,748
Current Assets			
Inventories	10	13,906,878	3,918,839
Trade and other receivables	11	34,209,309	14,323,233
Investments	12	4,750,886	4,217,737
Cash and cash equivalents	13	302,483,353	400,693,512
		355,350,426	423,153,321
Total Assets		364,426,045	434,125,069
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	14	113,127,939	113,127,939
Capital reserves	15	156,669,319	156,669,319
Accumulated loss		(107,606,995)	(116,825,448)
		162,190,263	152,971,810
Non Current Liabilities			
Lease liability	16	1,295,589	3,246,742
		1,295,589	3,246,742
Current Liabilities			
SSM liability	17	-	256,978
Lease liability	16	1,951,154	2,020,100
Shareholder's product loan	18	16,018,512	23,340,984
Government advances	19	106,916,373	151,954,520
Trade and other payables	20	76,054,154	100,333,935
		200,940,193	277,906,517
Total Liabilities		202,235,782	281,153,259
Total Equity and Liabilities		364,426,045	434,125,069

BOTSWANA OIL LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2021

	Stated Capital	Capital Reserves	Accumulated loss	Total Equity
	P	P	P	P
Balance as at 1 April 2019	113,127,939	100,000,000	(107,960,017)	105,167,922
Contribution for the year	-	56,669,319	-	56,669,319
Loss for the year	-	-	(8,865,431)	(8,865,431)
Balance at 31 March 2020	113,127,939	156,669,319	(116,825,448)	152,971,810
Balance as at 1 April 2020	113,127,939	156,669,319	(116,825,448)	152,971,810
Profit for the year	-	-	9,218,453	9,218,453
Balance at 31 March 2021	113,127,939	156,669,319	(107,606,995)	162,190,263
Notes	14	15		

BOTSWANA OIL LIMITED
STATEMENT OF CASHFLOWS
 FOR THE YEAR ENDED 31 MARCH 2021

ASSETS	Note	2021 P	2020 P
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax expense		9,218,453	(8,865,431)
Adjustments for :			
(Profit)/ loss on disposal of assets		(62,949)	19,938
Depreciation, amortisation and impairment	7,8,9	5,429,435	5,406,328
Product loan - drawn from Government reserves	18	(7,322,472)	20,128,168
Interest received	5	(10,017,753)	(9,165,105)
Unrealised loss on bank balances		112,159	107,667
Interest paid	5	263,713	378,194
Cash flows before working capital changes		(2,379,414)	8,009,759
(Increase)/ decrease in inventories	10	(9,988,039)	3,575,048
(Increase)/ decrease in trade and other receivables	11	(19,886,076)	13,196,902
(Increase)/ decrease in investments	12	(533,149)	1,589,160
(Decrease)/ increase in trade and other payables	20	(24,279,781)	55,431,963
Net cash (utilised by)/ generated from operations		(57,066,459)	81,802,832
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment	7	(1,208,696)	(308,347)
Acquisition of intangible assets	8	(2,357,716)	(68,278)
Proceeds from disposal of assets		96,056	21,880
Interest received	5	10,017,753	9,165,105
Net cash generated from investing activities		6,547,397	8,810,360
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability	16	(2,020,100)	(2,165,158)
Interest paid on lease liability	16	(263,713)	-
Cash injection from SSM by the shareholder	17	-	56,669,319
Proceeds from government for projects and maintenance	19	19,040,357	14,900,105
Utilisation of government funds on projects and maintenance	19	(16,262,764)	(9,523,364)
Outflow of funds for procurement of government strategic fuel	19	(47,815,740)	(55,873,495)
Inflow of funds for procurement of government strategic fuel	19	-	165,303,508
Net cash (utilised by)/generated from financing activities		(47,321,960)	169,310,915
Net (decrease)/increase in cash and cash equivalents		(97,841,022)	259,924,107
Unrestricted cash and cash equivalents at the beginning of the year		400,436,534	140,620,094
Effects of exchange rate movement on cash balances		(112,159)	(107,667)
Unrestricted cash and cash equivalents at the end of the year	13	302,483,353	400,436,534

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL

Botswana Oil Limited (“BOL”/ the “Company”) is a company fully owned by the Government of Botswana under the Ministry of Mineral Resource 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 approved and 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. Investments held by BIFM are measured at fair value. 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 New standards and Interpretations

International Financial Reporting Standards and amendments effective for the first time for March 2021 year-end and are applicable to the company		
Number	Effective date	Impact on the Financials
<p>Amendment to IAS 1, ‘Presentation of financial statements and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ on the definition of material.</p> <p>These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:</p> <ul style="list-style-type: none"> •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. 	Annual periods beginning on or after 1 January 2020.	No impact on these financial statements

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

2.1 New standards and Interpretations

The company did not apply the new standards or interpretations that have been issued but is not yet effective.

International Financial Reporting Standards and amendments effective for the first time for March 2021 year-end and are applicable to the company		
Number	Effective date	Impact on the Financials
<p>IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment</p> <p>The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID19- is a lease modification, provided that the concession meets certain conditions.</p> <p>Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.</p>	Annual periods beginning on or after 1 June 2020	No impact expected
<p>Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current</p> <p>The amendment clarifies those liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).</p>	Annual periods beginning on or after 1 January 2022	No impact expected
<p>Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use</p> <p>The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.</p>	Annual periods beginning on or after 1 January 2022	No impact expected
<p>Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract</p> <p>The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.</p>	Annual periods beginning on or after 1 January 2022	No impact expected

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

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 and 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 (7years)
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

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.

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 long- term 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.

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

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 are provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property which is as follows;

Item	Useful lifetime
SAP Oil-in-One	5 years
Software	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 amortisation of intangible assets is included in administrative expenses of the statement of comprehensive income (SOC).

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.

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 each year end for any indicators.

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.

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

Measurement and recognition of leases as a lessee (continued)

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.

Right-of-use assets and lease liabilities have been presented on the face of the balance sheet as separate line items.

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 Mineral 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 carried out with the related parties including those with key management personnel as per IAS 24 requirements.

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.

Write off policy

The company 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, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss

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:

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

Definition of default (continued)

- 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 considering 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.

Investment 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 at a fee rate of 0.45% VAT exclusive. The interest varies depending on the performance of the market.

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 Recognition and classification

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and excluding VAT and prepayments. They are due within 14 days or upon exhaustion of credit limit and are classified as current financial assets. Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables.

Initial and subsequent measurement

They are measured initially at fair value plus transaction costs, if any and 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.

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.

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 determine 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.

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

Impairment loss allowance (continued)

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 profit or loss as a movement in credit loss allowance.

Cash and cash equivalents

Cash and cash equivalents include 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 on note 14 of the financial statements.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

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

Shareholder's product loan

Recognition and classification

One of Botswana Oil's mandate is to manage strategic reserves on behalf of the Ministry of Mineral Resources, Green

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

Shareholder's product loan (continued)

Technology and Energy Security (MMGE). Product has to be rotated in order to maintain and uphold its quality. Botswana Oil Limited is allowed to borrow up to 10% of the strategic stocks to sweeten the product. The company recognizes the loan in the month it was incurred and is classified as a current liability as the loan is payable within 30 days. The repayment is done as product.

Initial and subsequent measurement

The loan is measured at fair value using the prevailing unit rate (also known as slate) from Botswana Energy Regulation Authority (BERA) at month end. A loan revaluation gain or loss is recognized on the statement of comprehensive income under cost of sales with a corresponding adjustment to the carrying amount of the shareholders product loan.

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 as per rate of contract agreed with employee 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 balance as an asset in the books of accounts of BOL as the fund is maintained and signed off by BOL management. A liability to date is also shown in the books of accounts as the company recognizes its contractual obligation to its employees. Movement in the funds of monthly contributions expense and net 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 and 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. These liabilities are short term in nature and are presented under current liabilities.

Revenue recognition

Sales revenue and other income are 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.

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.

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

Sales of goods – fuel (continued)

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.

Other Income

a. 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.

b. Investment Income

The company earns interest from short-term investments with various financial institutions. This is a way of capitalizing excess cash while preserving capital. These investments have a short-term maturity period. Investment income is recognized from the contractual agreement date with the financial institution and derecognized upon maturity. These are initially measured at fair value and subsequently measured at amortised cost. Interest earned at the agreed bank rate is accrued for monthly to date of maturity through statement of comprehensive income and a corresponding entry to the short-term investment.

c. Coal to liquids project (XTL) reimbursements

The company is executing a coal to liquid feasibility study on behalf of the government and this project cost is funded through the Security of Supply Margin fund. The practice is for the funds to be advanced to BOL each year before actual expenditure is incurred as per approved budget by the government.

BOL recognizes these funds as other income in the year they are to be spent as per approved budget. This revenue is set off by the expenditure recognized through the company's statement of comprehensive income. Where funds have not been received a monthly accrual equivalent to the expense is recognized as other income with a corresponding entry to related party receivables.

Cost of sales

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

Current and deferred income tax

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

BOTSWANA OIL LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2021

Current and deferred income tax (continued)

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.

Capital reserves

Amounts received from the government as part of the SSM funding to finance the capital requirements of the company is recognised under capital reserves.

BOTSWANA OIL LIMITED

FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2021

Capital risk management

The company's objectives when managing its working 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.

The company's current ratio has improved from 1.4:1 to 1.79:1. All this was due to efforts to manage its working capital. Excess cash was invested into low-risk financial institutions, robust debtor's collection measures were applied and engagement with suppliers for reasonable credit terms aided in improving the working capital.

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 company's risk to foreign currency fluctuations is largely mitigated through the operation of such natural hedges.

On 31 March 2021 the company's financial assets and liabilities denominated in foreign currencies are:

	2021	2020
	Debit/(Credit)	Debit/(Credit)
Bank balances		
United States Dollar	8,924,426	110,205
South African Rand	21,546	6,308,828
Trade payables		
United States Dollar	(16,366,747)	(99,394)
Great British Pound	-	(226,497)
South African Rand	(34,560,522)	(66,463,646)

As of 31 March 2021, 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 P1,636,675 (2020: P9,939) and P892,443 (2020: P1,102) higher/lower, mainly as a result of foreign exchange gains/losses on translation of British pound denominated payables and bank balances respectively.

BOTSWANA OIL LIMITED

FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2021

Market risk (continued)

As of 31 March 2021, 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 P3,456,052 (2020: P6,646,364) and P2,155 (2020: P630,882) higher/lower, mainly as a result of foreign exchange gains/losses on translation of South African rand denominated payables and bank balances respectively.

(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.

	2021 (P)	2020 (P)
Stanbic Bank Botswana Limited	223 749 279	364 164 112
First National Bank Botswana Limited	710 289	10 245 807
African Alliance Botswana	-	25 026 691
Standard Chartered Bank Botswana	-	17 823
Banc ABC Botswana Limited	-	9 907
Bank Gaborone	76 291 747	-
BIFM Gratuity Investment	4 750 886	4 217 737
Lease Liability	(3 246 743)	(5 266 842)
	302 255 458	398 415 235

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 022 554 (2020: P3 984 152).

(iii) Price risk

As disclosed in Note 18.1 to the financial statements, the outstanding quantity of fuel loaned from the Government strategic reserve at the year-end date was P16,018,512 (2020: P23,340,984).

This 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 loss/ (gain) of P 1 039 017 (2020: P (11 785 394)) through decrease of this liability because of increases in the published slate price per litre subsequent to the initial drawdown.

(iv) Credit risk

The financial assets of the company which are subject to credit risk consists mainly of cash resources and debtors. Cash resources are placed with reputable financial institutions. Financial institutions are not rated, however the company's policy is to hold cash resources in subsidiaries of rated United Kingdom and South African Banks. The company does not have significant credit risk from its trade receivables as it ensures that sales of petroleum products and services are made to customers with good credit history as identified through the vetting process that uses the services of a credit risk agency. The utilization of credit limits is regularly monitored by management.

BOTSWANA OIL LIMITED

FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2021

Market risk (continued)

For some trade receivables the company may obtain security in the form of guarantees, which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets

The company applies IFRS 9 simplified approach to measuring expected credit losses.

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 on the near future. It also considers the impact covid 19 and other socio, political and economic factors on the expected receivables.

The credit risk loss assessment in note 11 shows that there was recovery of 91% of the 2020 raised loss allowance. The allowance raised is 6% (2020:68%) of the trade receivable. A low reduction in losses from prior year is due to the stringent collection measures in place.

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

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 behaviour (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.

The maximum amount subject to credit risk as at 31 March 2021.

	2021 (P)	2020 (P)
Trade receivables (net)	6 420 119	2 104 404
Other receivables	5 113 670	4 846 798
Amounts due from related parties	22 675 520	7 372 031
Cash and cash equivalents	302 482 455	400 688 069
Investments	4 750 886	4 217 737

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.

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.

BOTSWANA OIL LIMITED

FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2021

(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 2021	Total	Less than 1 year	Between 1 and 5 years
	P	P	P
Trade and other payables (excluding statutory liabilities)	67 941 951	67 941 951	-
Lease liability	3 246 743	1 951 154	1 295 589
As of 31 March 2020			
Trade and other payables (excluding statutory liabilities)	92 131 285	92 131 285	-
Lease liability	5 266 842	2 020 100	3 246 742

BOTSWANA OIL LIMITED

CRITICAL ACCOUNTING ESTIMATES & ASSUMPTIONS FOR THE YEAR ENDED 31 MARCH 2021

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.

The fair values of quoted investments held by BIFM are based on the current bid prices. If the market for a financial asset is not active (and for unitized securities) the Fund establishes fair value by using valuation techniques. These may include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

As at 31 March	Level 2	2021 P	2020 P
Investments		4 750 886	4 271 737

This investment is a capital preservation fund, and the fund manager provides statements of interest earned on the employee's accounts net of any maintenance charges incurred. All the movements are accounted for through the balance sheet within liabilities against the investments as the funds are held for employees.

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.

BOTSWANA OIL LIMITED

CRITICAL ACCOUNTING ESTIMATES & ASSUMPTIONS

FOR THE YEAR ENDED 31 MARCH 2021

Measurement of lease liability and right of use assets

The measurement of the lease liability and right of use assets is an area that requires the use of judgement and estimation in determining the lease term and the discount rate used in calculating the right of use assets and the 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.

Lease liability is to be measured at the present value of outstanding lease payments, discounted using either the interest rate implicit in the lease or the entity's incremental borrowing rate if rate implicit in the lease cannot be readily determined).

Right-of-use asset is to be initially measured at cost and is to comprise:

- the amount of initial measurement of the lease liability;
- lease payments made at or before commencement date, less lease incentives received;
- initial direct costs incurred by the lessee; and
- an estimate of costs for dismantling, removal or restoration of the asset(s).

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

ASSETS	Note	2021 P	2020 P
1. Revenue			
Sale of petroleum products		598,520,833	583,362,500
2. Cost of sale			
Finished goods		554,885,645	563,033,065
Inventory - (gain)/loss		95,335	(1,484,480)
Stock revaluation (gain)/loss		3,100,533	(8,876,760)
Slate under/(over) recovery		1,474,337	4,530,141
		559,555,850	557,201,966
3. Other operating income			
Profit/ (loss) on disposal of assets		62,949	(19,939)
Management fee from replenishing strategic reserves		16,007,943	4,831,583
Tender fee		27,909	33,502
XTL reimbursement		18,393,790	24,867,424
Workshop registrations		-	12,698
HRDC claim trainings		435,201	667,564
		34,927,792	30,392,832
4. Profit /(loss) from operations is stated after charging the following items:			
Auditors' remuneration - audit		(428,973)	(559,925)
Advertising and marketing costs		(2,644,970)	(1,886,936)
Administration costs		(3,154,712)	(1,980,522)
Consultancy fees		(19,292,142)	(14,656,207)
Depreciation amortisation and impairment costs		(5,429,435)	(5,406,327)
Health safety security and environmental costs		(1,244,911)	(634,822)
ICT costs		(3,190,986)	(3,374,548)
Lease rental expense on low value leases		(980,033)	(862,002)
Professional costs		(792,255)	(2,585,268)
Training and travel costs		(1,226,469)	(2,825,312)
Utility costs		(1,145,012)	(1,309,499)
Employee costs include			
Salaries and allowances		(30,199,226)	(28,541,231)
Gratuity expense		(3,745,930)	(3,413,624)
Pension and severance expense		(1,892,206)	(2,054,336)
Leave costs		(1,100,204)	(733,394)
		(76,467,464)	(70,823,953)
5. Finance income and costs			
Finance cost			
Exchange loss - unrealised		(1,942,984)	-
Interest on lease liability		(263,713)	(378,194)
		(2,206,697)	(378,194)
Finance income			
Interest income on call deposit		10,006,229	4,105,582
Exchange gains - unrealised		-	1,699,780
Exchange gains - realised		11,524	3,359,743
		10,017,753	9,165,105
Net finance income		7,811,056	8,786,911

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

ASSETS	Note	2021 P	2020 P
6. Income tax expense			
Current income tax		-	-
The entity is liable to income tax at the rate of 22%.			
Reconciliation of accounting profit to income			
Profit/(loss) before tax		9,218,453	(8,865,431)
Income tax @ 22%		2,028,060	(1,950,395)
Expenses not deductible for tax purposes		2,408,489	2,338,290
Income not subject to tax		(1,943,479)	(1,105,258)
Tax charge for the year		2,493,070	(717,363)

The company has brought forward tax losses of P102,278,989 (2020 :P99,018,246) to set off the taxable income of P11,332,135 (2020: (P3,260,743)). Loss carried forward to next year is P90,946,854 (2020: P102,278,989).

The entity did not recognise the deferred tax asset as it is not probable that the taxable profits will be available in the near future against which the deductible temporary differences can be utilised. The amount of the deferred tax asset is P2,178,937 (2020: P157 774).

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

7. Property Plant & Equipment

	Building Porto cabins P	Plant & Equipment P	Motor Vehicles P
Year-ended 31 March 2020			
Opening net book amount	196,863	142,781	478,629
Additions	-	-	-
Disposals	-	(13,638)	-
Depreciation charge	(36,064)	(39,744)	(81,940)
Depreciation on disposals	-	-	-
Closing net book value	160,799	89,399	396,689
At cost	360,293	318,799	1,674,203
Accumulated depreciation	(199,494)	(229,400)	(1,277,514)
Net book value	160,799	89,399	396,689
Year-ended 31 March 2021			
Opening net book amount	160,799	89,399	396,689
Additions	-	-	1,066,868
Disposals	-	-	(145,741)
Impairment of assets	-	-	-
Depreciation charge	(36,064)	(39,725)	(133,359)
Depreciation on disposals	-	-	131,167
Closing net book value	124,735	49,674	1,315,624
At cost	360,293	318,799	2,595,330
Accumulated depreciation	(235,558)	(269,125)	(1,279,706)
Net book value	124,735	49,674	1,315,624

There is no PPE with restricted title or pledged as security

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

Furniture & Fittings P	IT Equipment P	Leasehold Improvements P	Office Equipment P	Total P
1,470,370	1,234,347	705,424	49,829	4,278,243
62,872	237,114	-	8,361	308,347
(66,706)	(118,325)	(23,826)	-	(222,495)
(315,754)	(509,209)	(223,384)	(27,837)	(1,233,932)
37,226	118,325	18,191	6,935	180,677
1,188,008	962,252	476,405	37,288	3,310,840
2,822,657	3,785,172	2,039,035	149,253	11,149,412
(1,634,649)	(2,822,920)	(1,562,630)	(111,965)	(7,838,572)
1,188,008	962,252	476,405	37,288	3,310,840
1,188,008	962,252	476,405	37,288	3,310,840
5,800	136,028	-	-	1,208,696
-	(794,097)	-	(6,179)	(946,017)
(14,000)	-	-	-	(14,000)
(311,850)	(506,876)	(221,938)	(26,814)	(1,276,626)
-	775,565	-	6,179	912,911
867,958	572,872	254,467	10,474	3,195,804
2,814,457	3,127,103	2,039,035	143,074	11,398,091
(1,946,499)	(2,554,231)	(1,784,568)	(132,600)	(8,202,287)
867,958	572,872	254,467	10,474	3,195,804

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

8. Intangible Assets	Other Software's P	SAP Oil in One P	Capital Work in progress P	Total P
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
Year-ended 31 March 2021				
Opening net book amount	250,875	2,325,588	109,598	2,686,061
Additions	107,932	2,189,871	59,913	2,357,716
WIP capitalised	109,598	-	(109,598)	-
Disposals	(8,980)	-	-	(8,980)
Depreciation charge	(149,474)	(1,910,377)	-	(2,059,851)
Depreciation on disposals	8,980	-	-	8,980
Closing net book amount	318,931	2,605,082	59,913	2,983,926
At cost	1,653,077	11,542,022	59,913	13,255,012
Accumulated depreciation	(1,334,146)	(8,936,940)	-	(10,271,086)
Net book amount	318,931	2,605,082	59,913	2,983,926

SAP Oil in One ERP had a carrying amount of P2 605 082 at the reporting date with a remaining amortisation period of four (4) years.

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

	2021 P	2020 P
9. Right of use assets	2,895,889	4,974,847
Reconciliation of the right of use asset		
Opening balance	4,974,847	-
Additions	-	7,053,805
Depreciation charge	(2,078,958)	(2,078,958)
Closing net book value	2,895,889	4,974,847
There is no right of use assets with restricted title and or pledged as a security		
10. Inventories		
Fuel inventory	912,874	3,918,839
Fuel supplies in transit	12,994,004	-
	13,906,878	3,918,839
11. Trade and other receivables		
Trade receivables	6,805,190	6,471,561
Loss allowance	(385,071)	(4,367,157)
Trade receivables at amortised cost	6,420,119	2,104,404
Withholding tax receivables	1,707,093	731,143
Value added tax receivable	1,265,968	764,548
Related party debtors	22,675,520	7,372,031
Other receivables	2,140,609	3,351,107
	27,789,190	12,218,829
	34,209,309	14,323,233

	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss)	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected)
Expected credit loss rate				
Less than 30 days past due - 0% (2020:0%)	6,422,553	2,434	979,795	9,158
31- 60 days past due -1.5% (2020: 2.9%)	-	-	638,727	-
61- 90 days past due - 30% (2020: 91.7%)	-	-	119,721	38,423
91- 120 days past due -25% (2020: 41.7%)	-	-	5,820	2,038
121- 150 days past due - 29.5% (2020: 91.7%)	-	-	17,457	-
More than 151 days past due - 100% (2020: 91.7%)	382,637	382,637	4,710,041	4,317,538
Total	6,805,190	385,071	6,471,561	4,367,157

BOTSWANA OIL LIMITED
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

2021

2020

11. Trade and other receivables (continued)

Reconciliation of loss allowances

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

Balance at the beginning of the year	4,367,157	985,402
(Reversal)/ allowance raised during the year	(3,982,086)	3,381,755
Closing balance	385,071	4,367,157

12. Investment

Employees gratuity invested at Botswana Insurance Fund Management (BIFM)	4,750,886	4,217,737
Reconciliation of the fund		
Balance at the beginning of the year	4,217,737	5,806,897
Additional investment during the year	3,729,216	3,413,624
Withdrawals	(3,358,452)	(5,203,699)
Net interest earned	162,385	200,915
Balance at end of year	4,750,886	4,217,737

13. Cash and cash equivalents

Cash at Bank	302,482,455	400,688,069
Cash in Hand	898	5,443
Balance at end of year	302,483,353	400,693,512

For the purpose of the statement of cashflows the year end cash and cash equivalents comprise of the following;

Cash and bank balance	302,483,353	400,693,512
Less: SSM funds	-	(256,978)
	302,483,353	400,436,534

The company closed the SSM bank account with Stanbic bank. These funds were transferred to Bank of Botswana where other government funds are deposited. As at 31 March 2020 the balance amounted to amounted to P256 978.

14. Stated and issued capital

123 127 938 (2020: 123 127 938) fully paid authorised and issued ordinary shares of P0.92 each

113,127,939	113,127,939
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BOTSWANA OIL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

15. Capital Reserves

Capital reserves represents cash received from the shareholder through Security of Supply Margin ("SSM") fund to the value of P156,669,319 (2020:P156,669,319) for working capital purposes. The funds were previously described as funds awaiting allotment of shares following management's view that these funds will be converted to issued share capital once the necessary formalities had been agreed with the shareholder. It was later established that there is no requirement for BOL to issue any shares in exchange for the funds received and there is no contractual obligation on BOL to repay these funds to the Government. The description of the funds awaiting allotment of shares has been changed to capital reserves in the current reporting period as the funds are in substance a capital contribution and they are non-reciprocal in nature. These amounts are recorded in a separate reserve within equity.

16. Lease liability

	2021 P	2020 P
Lease liability	3,246,743	5,266,842
Non- current liability	1,341,951	3,429,274
Interest on non current lease liability	(46,362)	(182,532)
	1,295,589	3,246,742
Current Liabilities	2,087,324	2,283,813
Interest on current lease liability	(136,170)	(263,713)
	1,951,154	2,020,100
Movement in lease liability		
Balance at the beginning of the year	5,266,842	-
Additional liability	-	7,053,806
Lease rental expense	(2,283,812)	(2,165,158)
Interest on lease liability	263,713	378,194
Balance at end of year	3,246,743	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.

17. SSM liability

Balance as at beginning of year	256,978	163,743,062
Received from fuel retailers during the year	31,306,729	235,796,248
Advanced to the Ministry of Mineral Resources, Green Technology and Energy Security	-	(100,000,000)
Funds from the shareholder allocated to Capital Reserves (note 15)	-	(56,669,319)
Advanced to XTL project	-	(24,867,423)
Transferred to Bank of Botswana	(31,563,707)	(217,745,590)
Balance at end of year	-	256,978

BOTSWANA OIL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

18. Shareholder's Product Loan

Product loan	16,018,512	23,340,984
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18.1 Product loan

The movement of the product loan is reflected below:

	2021		2020	
	Qty in Litres	Pula	Qty in Litres	Pula
Balance as at beginning of year	4,881,702	23,340,984	491,487	3,212,816
Utilisation by BOL	16,248,226	67,524,820	66,456,331	441,111,021
Replenishment to the strategic reserves	(18,744,964)	(75,886,309)	(62,066,116)	(409,197,459)
Measurement adjustment to cost of sales		1,039,017	-	(11,785,394)
Balance at the end of the year	2,384,964	16,018,512	4,881,702	23,340,984

The measurement adjustment at each month-end resulted in a loss/ (gain) of P1,039,017 (2020: (P11,785,394)) 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 where according to clause 6.6 of this agreement limits the quantity to be borrowed up to a maximum of 10% of the storage capacity.

	2021	2020
	P	P
19. Government advances		
Government advance - Strategic Reserves Procurement	66,092,088	113,907,828
Government advance - Depot Projects and Maintenance	40,824,285	38,046,692
	106,916,373	151,954,520

	2021		2020	
	Strategic Reserve Procurement P	Depot Maintenance and Projects P	Strategic Reserves Procurement P	Depot Maintenance and Projects P
Balance at the beginning of the year	113,907,828	38,046,692	4,477,815	32,589,107
Utilisation	(47,815,740)	(16,262,764)	(55,873,495)	(9,442,520)
Cash injection	-	19,040,357	165,303,508	14,900,105
Balance at the end of the year	66,092,088	40,824,285	113,907,828	38,046,692

BOTSWANA OIL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

19. Government advances (continued)

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.

	2021 P	2020 P
20. Trade and other payables		
Trade payables	61,230,750	76,196,024
Other payables		
-Accruals	2,567,079	3,705,811
-Payroll accruals	7,388,495	8,149,807
-Other	4,867,830	12,282,293
	76,054,154	100,333,935

21. Financial assets by category

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

Trade and other receivables (measured at amortised cost)	31,236,248	14,323,233
Cash and cash equivalents (measured at amortised cost)	302,483,353	400,693,512
Investments (measured at fair value)	4,750,886	4,217,737
	338,470,487	419,234,482

22 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 (measured at amortised cost)	67,941,951	92,131,285
Lease liability (measured at amortised cost)	3,246,743	5,266,842
	71,188,694	97,398,127

BOTSWANA OIL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 18 and note 19 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.

	2021 P	2020 P
Details of transactions during the year:		
Sales of fuel to government departments	7,565,137	11,896,813
Details of balances at the year end date:		
Amounts receivable from government owned entities	22,675,520	7,372,031
Amounts payable to government owned entities	122,934,885	175,295,504
Key Management Personnel		
Directors Emoluments		
For services as directors	246,750	232,650
Executive management	7,245,257	6,418,983
Year end payable balances		
Gratuity payable	4,046,835	4,258,401

24. Going concern Impact of COVID 19

COVID-19 has not, and is not expected to have a significant impact on the company. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern.

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

1. Cost saving measures, which can be implemented to reduce variable costs and increase efficiency;
2. To continue investing excess cash in hand through fixed deposit investments so as to maximise interest earned;
3. Continue the use of alternative routes like Namibia and Mozambique to source fuel especially that South Africa is highly affected by COVID-19.

BOTSWANA OIL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

24. Going concern Impact of COVID 19 (continued)

4. Guaranteed stakeholder support through the Security of Supply Margin fund to help finance its stocks procurement costs over the next twelve months above its existing cash on hand should the need arise.

In recognition of the unprecedented volatility and unpredictably of the current situation, the Board Directors and Executive Management recognise that this assessment may change. 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.

25. Contingencies

The company has issued a guarantee to the amount of P70,000 in favour of Botswana Unified Revenue Services to obtain a credit limit on its Assycuda account for customs clearing on fuel. There are no other known contingent liabilities and assets as at the end of 31 March 2021.

26. Events after reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require adjustments to or disclosure in these financial statements.

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
TORs	Terms of Reference		

