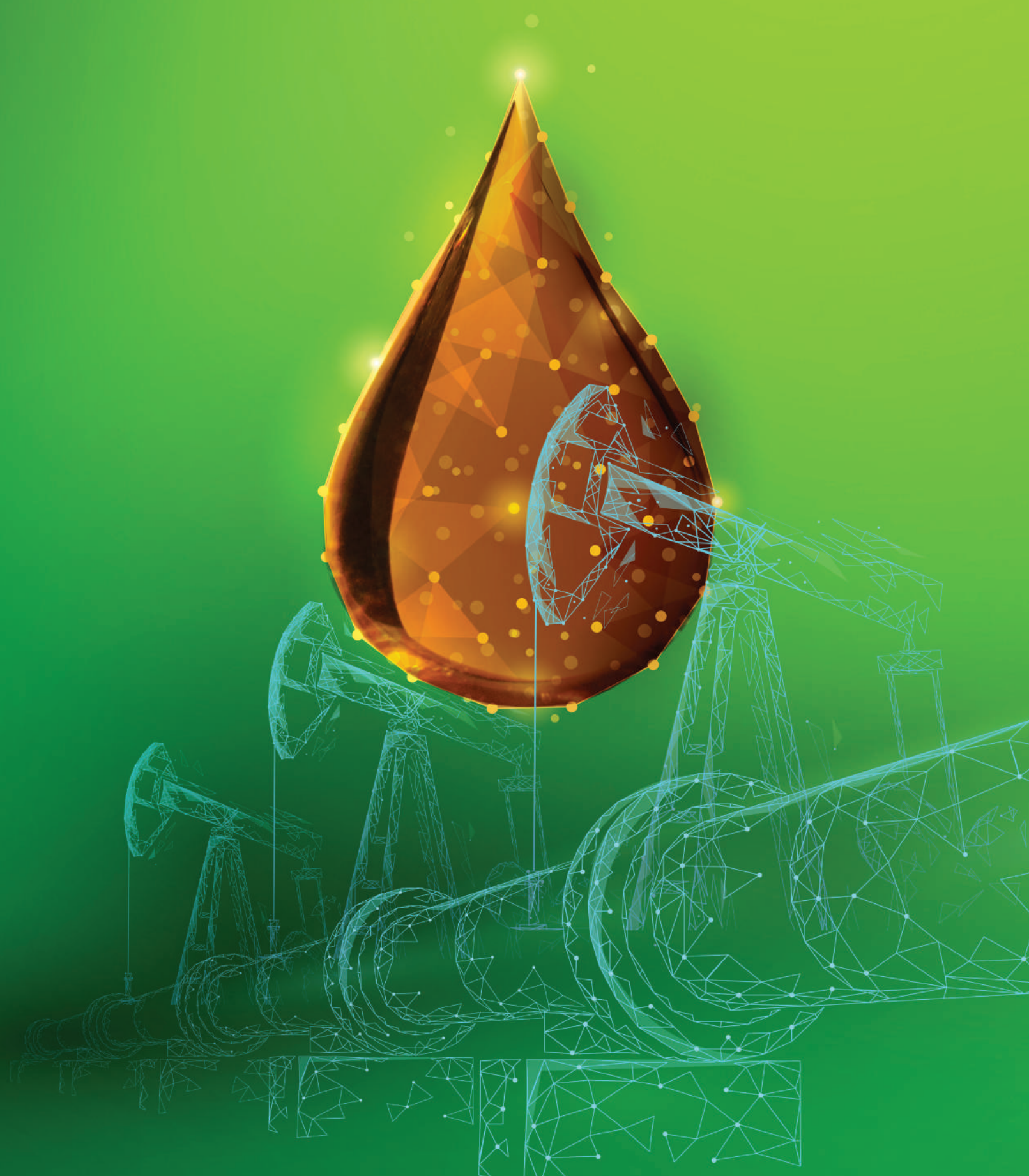


# DIVERSIFYING ENERGY SOURCES

2021/2022 ANNUAL REPORT



**BOTSWANA OIL**  
*Your Fuel. Your Future*





## **BOTSWANA OIL**

*Your Fuel. Your Future*

### **Vision**

To be a leader 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.

#### **Teamwork**

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

#### **Commercial Excellence**

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

#### **Social Responsibility**

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





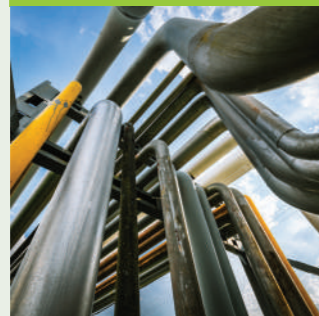
# Table of Contents

## Diversifying energy sources

**04**

**Botswana Oil Limited Philosophy**

- Key Strategic Objectives -
- Vision -
- Mission -
- Values -



**06**

**Corporate Profile, Governance Structure and Strategy**

- Governance -
- The Board -
- Board Meetings -
- Member's Declaration of Interest -
- Reporting to the shareholder -
- Executive Management -

**28**

**Operational Highlights**

- Stock Position -
- Strategic Infrastructure Projects -
- Tshele Hills Petroleum Storage Facility -
- Ghanzi Oil Storage Depot -
- Expansion of the Francistown Depot -
- Francistown Depot Efficiency Improvement Project -
- Gaborone Depot Laboratory Project -
- Health Safety Security Environment and Quality Operating Management System (OMS) -
- Our People -

**10**

**Board Chairman's Statement**

- Operations -
- Corporate Governance -
- Strategic Planning -
- Financial Performance -
- Appreciation -

**36**

**Stakeholder Management and Corporate Social Responsibility**

**14**

**Board Profiles**

**38**

**Enterprise Risk Management**

- Risk Appetite -
- Risk and Opportunities -

**18**

**Business Model**

**20**

**Chief Executive Officer's Remarks**

- Operations -
- Capital Projects -
- Tshele Hills Petroleum Storage Facility -
- Francistown Fuel Storage Facility Expansion -
- Ghanzi Depot construction Project -
- Coal-to-liquid Project -
- Financial Performance -
- Stakeholder Management and Corporate Social Responsibility -
- Appreciation -

**24**

**Executive Management**



**40**

**Basis of Preparation and presentation of the report**

**44**

**Annual Financial Statements**

- Corporate Information -
- Statement of Directors' Responsibility -
- Statement of Comprehensive Income -
- Statement of Financial Income -
- Statement of Changes in Equity -
- Statement of Cash Flows -
- Summary of Significant Accounting policies -
- Financial Risk Management -
- Critical Accounting Estimates and Assumptions -
- Notes to the Financial Statements -





# Botswana Oil Limited Brand Philosophy

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 eight years since establishment, the Company has amassed assets valued over P10 million.

In keeping with its vision "To be a leader 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 2022-2025. These are:

## Key Strategic Objectives

-  To ensure security of fuel supply in the country
-  To be customer centric
-  To effectively and efficiently manage strategic fuel reserve facilities
-  To enhance citizen participation in the oil and gas industry
-  To optimise Health, Safety, Security, Environment and Quality
-  To leverage on partnerships and alliances







# Corporate Profile, Governance Structure and Strategy

## GOVERNANCE

Botswana Oil Limited, as a wholly Botswana Government owned Company, is given strategic direction by a Board of Directors. The Board of the Company is appointed by the Shareholder, through the Minister of Minerals and Energy. 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 keeping with best corporate governance practices, the BOL Board shall, on an annual basis, conduct a self-assessment to evaluate the effectiveness of the Board as a whole, as well as the Board Committees, and the individual Directors.

### THE BOARD

In terms of the BOL Constitution, the composition of the Board shall not exceed nine members, including the Chairman. The current Board comprises eight members, including the Chairman and the Chief Executive Officer. The Board comprises the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance roles and responsibilities objectively.

The Board ensures the proper and efficient performance of the functions of BOL. It sets out and monitors the strategic functioning of BOL and the direction and pattern of good corporate governance in implementing change and mobilising and allocating resources of BOL.

By the close of the year under review, BOL had a fully constituted Board. Botswana Oil Limited's Board was constituted as follows:

Mr. Martin Motsomi Makgatlhe	Board Chairperson - Independent Non-Executive Board Member (appointed 1st September 2021, for a four-year term)
Mr. Nchena Zico Mothebe	Non-Executive Board Member (appointed 1st April 2021, for a four-year term)
Ms. Caroline Setshedi Botlhole-Mmopi	Independent Non-Executive Board Member (first appointed 1st August 2018, re-appointed 1st August 2021, for a four-year term)
Mr. Motsile Sibanda	Independent Non-Executive Board Member (appointed 1st April 2021, for a four-year term)
Mr. Kenneth G Matswiri	Independent Non-Executive Board Member (appointed 1st April 2021, for a four-year term)
Mr. Judge Mogogi Mookodi	Independent Non-Executive Board Member (appointed 1st April 2021, for a four-year term)
Ms. One Pearl Batshabile	Non-Executive Board Member (appointed 1st April 2021, for a four-year term)
Mr. Meshack Tshekedi	Executive Director (CEO, his tenure is tied to his capacity as CEO)

## Corporate Profile, Governance Structure and strategy

### Continued

#### BOARD MEETINGS

The Board meets at least quarterly and follows a structured approach of delegation, reporting and accountability. The Board relies on four committees to carry out delegated duties, namely the Board Tender Committee (BTC), Finance, Audit and Risk Committee (FARC), Human Resources Committee (HRC) (formerly known as the Nominations and Human Resources Committee and the Governance Committee (formerly known as the Social and Ethics Committee). During the year under review, the Board convened four (4) ordinary meetings and six (6) special meetings.

#### Board Tender Committee (BTC)

The Tender Committee's mandate is to adjudicate and approve tenders in accordance with the Procurement Policy and the delegation of authority matrix. The Committee comprises four (4) members made up of three (3) 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 year under review, the BTC convened three (3) ordinary meetings and three (3) special meetings.

#### The Finance Audit and Risk Committee (FARC)

The Finance Audit and Risk Committee comprises three independent members, two being non-executive directors of the Board and one external individual with the

requisite specialised skills. Its activities are governed by the FARC Terms of Reference (TORs) which are 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. During the year under review, the FARC convened three (3) ordinary meetings and one (1) special meeting.

#### Governance Committee (formerly Social and Ethics Committee)

The Committee has oversight on the following:

- Corporate governance practices, principles, guidelines and related policies
- Matters relating to integrity and ethics
- Composition, induction and evaluation of the Board and Committees
- Nominations of candidates for appointment to the Board and Committees
- Board remuneration policy and insurance
- Shareholder agreement and other shareholder requirements
- Stakeholder management programmes
- BOL's Corporate Social Responsibility programmes
- Health, Safety, Security and Quality environmental management policies and practices; and

- Technical advisory on governance matters emanating from another committee

It also provides oversight in ensuring the business conducts itself in an honest and ethical manner with all applicable Laws and Regulations, including anti-corruption and anti-money laundering laws.

The Committee's responsibilities include recommending the re-appointment of members to the Board, for recommendation of appointment by the Minister of Minerals and Energy where required, in doing so evaluating the balance of skills, knowledge, experience, independence and diversity of the Board. The Committee also has the mandate to review and approve the processes and guidelines for the annual evaluation of the performance, independence and effectiveness of the Board.

The Committee is scheduled to meet four times. The Committee convened three (3) ordinary meetings during the review period.

#### Human Resources Committee (formerly Nominations and Human Resources Committee)

The Committee's primary responsibility is to assist the Board in fulfilling its oversight responsibilities by reviewing all matters pertaining to the strategic management of human resources within the Company and to provide the necessary recommendations and advice to the Board. This includes recommending the appropriate remuneration policies that will promote the achievement of strategic objectives of the Company and that will encourage individual performance; and oversight on the implementation of the





## Corporate Profile, Governance Structure and strategy

### Continued

Human Resource Strategy which should also cover the general pay environment including the incentives schemes to ensure that the Company is able to attract, retain and develop the best possible talent to support superior business performance.

The Committee meets at least quarterly. During the year under review, the Committee convened three (3) ordinary meetings and three (3) special meetings.

### MEMBERS' DECLARATION OF INTEREST

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

#### Board Evaluation

In keeping with best corporate governance practices, the BOL Board shall, on an annual basis, conduct a self-assessment to evaluate the effectiveness of the Board as a whole, as well as the Board Committees, and the individual directors.

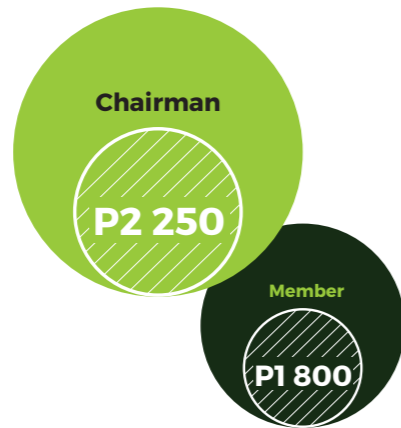
The objective of the evaluation is to ensure measurement of the Board's performance, efficiency, and effectiveness.

Considering that the Board of Directors was fairly new as at the end of the financial year ended 31st March 2022, the board evaluation was not conducted. In line with King IV requirements, it is scheduled to take place by September 2022. To promote objectivity this service will be provided by an independent service provider.

### Board Remuneration

Board remuneration rates are determined

by the Botswana Government. Fees for members are assigned to the BOL Board by the Minister of Minerals and Energy. The applicable rates (per sitting) during the year were as follows:



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 Minerals and Energy regularly, as and when required 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 Minerals and Energy. Quarterly briefings are done for the State President as part of the larger Ministry's reporting, to apprise him of the operations of the Company, its successes, challenges, and future plans.

### Statutory Reporting Requirements

The Companies' Act stipulates that,

following the close of the financial year, companies registered under it should prepare an Annual Report on the affairs of the Company during the accounting period.

The Board is satisfied that Botswana Oil Limited has complied with this and other statutory requirements for the year ended 31st March 2022. A statement by the Board Members on their responsibility for the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information is detailed on pages 44 to 80 of this report.

### 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

The previous years of Botswana Oil Limited's (BOL) existence were mainly dedicated to solidifying the Company's capacity and capability, the execution of infrastructure projects as well as obtaining the requisite import licence and legal instruments to enable BOL to effectively deliver on its mandate.

During the 2021/22 financial year, BOL continued to operate through the willing-buyer-willing-seller business environment. Despite this operating environment, the financial sustainability of the Company was safeguarded against a backdrop of the most challenging global business operating environment due to the COVID-19 pandemic.



During the reporting period, the Board reviewed the 2020-2025 Corporate Strategy, and the review took into cognisance the need for the Company to explore other avenues to ensure security of supply for the country and financial sustainability.

In June 2021, the Botswana Energy Regulatory Authority (BERA) issued BOL with a License to import and supply 25% of the volume of petroleum products consumed in Botswana, which was yet to be enabled through an appropriate legal and regulatory framework. As at the end of the reporting period, the Draft BERA Amendment Bill was being circulated for comments and BOL had submitted its inputs and comments.

BOL continued to deliver on its mandate of ensuring security of supply and there were no recorded supply disruptions nationally. This was despite operational challenges faced by major refineries especially in South Africa, which resulted in curtailed supply to BOL. The prudent management of the Government's strategic fuel stocks and reserves cushioned the effects of these shortcomings.

The Russia-Ukraine conflict also had a telling effect on global markets with Botswana being no exception as evidenced by increases in domestic fuel prices in response to persistently high international oil prices. This obviously influenced upward movement of the prices of other goods and services which contributed to high inflation in Botswana.

The risks arising from the Russia-Ukraine conflict culminated in markets being jittery

around the consistency in supply of oil leading to BOL considering sourcing from alternative sources to ensure security of supply for the country, which also had an added benefit of reducing the overreliance risk.

Due to an increase in sourcing product from alternative routes, citizen transporters were engaged to transport the product and this contributed positively to the citizen participation target. BOL also continued to ensure that the majority of procurement is done using citizen owned and local companies for all other goods and services. It is worth noting that BOL has partnered with UNDP for the development of citizens through their Supply and Enterprise Development Programmes.

It is in this spirit that I present the 8th Botswana Oil Limited Annual Report under the theme, "Facilitating Citizen Participation in the Oil and Gas Industry" which encapsulates what the Company expended its efforts on during the review period, amongst other factors that ultimately influenced the Company's performance trajectory. I wish to highlight the following summary of key performance areas for the 2021/2022 financial year:

### OPERATIONS

A number of key strategic projects were underway, albeit at different project stages



Martin Makgatle  
Board Chairman





## Board Chairman's Statement

### Continued

during the financial year under review. These projects include the Tshele Hills Strategic Reserve Project, Ikaegeng XTL Project (Coal to Liquids), Francistown Depot expansion and the Ghanzi Oil Storage Depot.

A feasibility study for the Tshele Hills Storage Project has been completed, paving way for the procurement of a private sector partner. The Francistown Depot Expansion Project was at a phase where procurement of a building and civil works contractor is in hand and construction will start in the 2022/2023 financial year. The Engineering, Procurement, Construction and Management (EPCM) consultant to develop conceptual and detailed engineering designs for the Ghanzi Oil Storage Depot had been procured, and designs were at an advanced stage.

All the necessary studies for the development of the Ikaegeng Coal to Liquids Project had been completed and BOL was preparing to go out to market for the procurement of a private sector partner.

The Company continued to ensure that Health Safety Security Environment and Quality (HSSEQ) is embedded in its culture, and this is reflected by the high performance on key HSSEQ objectives, with no product spills, accidents nor fatalities.

### CORPORATE GOVERNANCE

It is to be noted that the BOL Board was reconstituted with the appointment of 6 (six) new members of the Board of Directors. The BOL Constitution and the Board Charter continued to guide the Board in discharging their fiduciary duties and in steering the strategic direction of the Company. The Board also reviewed the

Terms of Reference for the different Board Committees to ensure alignment and adoption of the best practices in corporate governance.

### STRATEGIC PLAN

During the reporting period, the Board reviewed the 2020-2025 Corporate Strategy, and the review took into cognisance the need for the Company to explore other avenues to ensure security of supply for the country and financial sustainability.

The reviewed Strategic Plan captures the direction that BOL will take in a quest to effectively deliver on its mandate and meet its intended objectives in the remaining three years (2022-2025) of the planning period. To refocus and remain relevant to its business, BOL also reviewed its vision to *"To ensure security of supply through sustainable and efficient distribution of petroleum products and services"*. The values were also reviewed to set the tone for the operations of the Company for the remaining strategy period.

The strategic imperatives identified as critical include the following:

- Security of supply
- Facilitation of meaningful citizen participation in the oil and gas industry
- Financial sustainability
- Facilitation and delivery of strategic infrastructure projects

### FINANCIAL PERFORMANCE

The challenges associated with the COVID-19 pandemic perpetuated into the year under review.

The Company closed the financial year with an overall BWP17 million loss against

the budgeted loss of BWP14.7 million due to the low volumes recorded for the period at 64million litres against a budget of 112million litres. Contributors to the low volumes included travel restrictions during the first half of the financial year to September 2021, which negatively impacted the demand for petroleum products. The reduction in volumes resulted in BOL recording P570million in revenue a 5% reduction to the P598million revenue recorded in the previous year.

As the Board, we commit to the Shareholder and the public that we are focused on improving the financial performance of the Company through cost reduction where appropriate, maximising on the benefits that will accrue to the Company from the increased import mandate and working with citizen companies to deliver on our mandate for the benefit of the citizens, who are the ultimate shareholders of the Company.

### APPRECIATION

My Board and I remain grateful to the Shareholder and BOL stakeholders for the support extended during the year. Despite the majority of the Board Members being new to the petroleum industry, we were able to quickly acclimatise to this unique industry and deliver on our fiduciary duties, with the support of the Shareholder, Management, Staff, key stakeholders, and the industry at large.

I wish to also recognise the continued efforts and demonstrated resilience by the Chief Executive Officer and BOL Staff in enduring the challenging operating environment to ensure that BOL realises its mandate.

As the Board, we are committed to

## Board Chairman's Statement

### Continued

supporting the BOL staff in driving the Company's mandate as well in the execution of strategic projects, in order to meet the shareholder's expectations in the interest of the nation.

Le ka moso bagaetsho!

Martin Makgatlhe  
Board Chairman







# Board Profiles

**Mr. Martin Makgathe**  
**BOL Board Chairman**

Mr. Martin Makgathe holds a BA (Econ) from the University of Botswana. He has vast experience in the capital markets sector, having assisted in the establishment and development of the Botswana Stock Exchange, and pioneering both the asset management and stock broking industries. He has served on various boards in the private and public sectors, including the Presidential Task Team on Vision 2036 (Deputy Chairman), Vision 2016 Council (Chairman), BotswanaPost (Chairman), Botswana Stock Exchange, Central Securities Depository Botswana and Botswana Building Society. He is currently an Independent Non-Executive Director and Chairman of Letshego Financial Services Botswana as well as a Trustee of the Sir Ketumile Masire Foundation. He is the founder and CEO of the stock brokerage firms Motswedi Securities and Motswedi Securities Lesotho.



**Ms. Setshedi Botlhole-Mmopi**  
**Board Member**

Ms Botlhole-Mmopi holds a BCom (Accounting) from the University of Botswana. She is admitted as a Fellow member of the Association of Chartered Certified Accountants (FCCA). She has extensive experience in the oil industry, having progressed to the helm of finance management at BP Botswana over a nine-year period. She worked as CFO within the mining and banking sectors, culminating at Botswana Post, where she also served as Head of Mail Business. Setshedi is a seasoned professional with a strong background in various aspects of financial management, as well as business and transformational leadership. She is currently self-employed.



**Adv. Pearl Batshabile**  
**Board Member**

Adv. Batshabile is currently serving as the Assistant General Counsel at the Office of the President. She was duly admitted as an Advocate in the High Courts of Botswana and having run her private practice, Batshabile Advocate Chambers. Prior to her admission, she served as a legal assistant at Adv. Sidney Pilane Chambers where she later did her pupillage with the same entity. Her legal experience started at Shapiro and Shapiro Inc. later known as Shapiro and Ledwaba Inc. (RSA). Her legal services as a legal advisor were extended to various companies both in South Africa and Botswana. She has further operated in a non legal sphere as an administrator for Momentum Health Care Medical Aid (RSA) among others. Batshabile holds a Bachelor of laws (LLB) from the University of Pretoria (RSA) and is reading towards her Masters degree (LLM), with the same institution. The charity initiative called #bookdrive, dedicated to donating books to government primary schools across Botswana and having already made a donation to Goo-Tau Primary School was founded by her.



**Mr. Nchena Mothebe**  
**Board Member**

Mr. Mothebe holds a Master of Business Administration (MBA) from the Graduate School of Business, University of Cape Town, and a Bachelor of Engineering (Electrical and Electronics) Degree from the Birla Institute of Technology, Mesra, Ranchi in India. Mr. Mothebe is a Professional Engineer (Electrical and Electronics) registered under the Engineering Registration Board (ERB) Botswana, Chartered Engineer and Member of the Institute of Engineering Technology (IET), United Kingdom. Mr. Mothebe has over 30 years extensive experience in the energy sector. He is currently the Deputy Permanent Secretary (Green Technology and Energy Security) in the Ministry of Mineral and Energy. He provides technical expertise in the formulation of energy sector policies for sustainable use and economic benefit, amongst other key duties.



**Mr. Motsile Sibanda**  
**Board Member**

Mr. Sibanda holds a Master of Arts in Human Resource Management from the University of Leeds (UK), and a Bachelor of Social Sciences (Public Administration & Political Science) from the University of Botswana. He is a seasoned Human Resources practitioner having held Executive Management roles in various diversified industries ranging from the public service, banking, consulting and mining. He is currently employed in the education sector as Director: Human Resources. Mr. Sibanda's sound experience and in-depth technical acumen on people practices will enable him to contribute meaningfully as a member of the Board; by providing coaching and technical guidance to ensure Botswana Oil meets its mandate. He joined the Botswana Oil Board on the 1st of April 2021. He brings an in-depth knowledge and experience on people practices, high performance culture and corporate governance from active participation in other Boards, in the pension industry and more recently, in capital markets entities.



**Mr. Kenneth Matswiri**  
**Board Member**

Mr. Matswiri holds an Msc. Strategic Management from the University of Derby, a Bachelor of Social Science – Economics and Supply Chain Management from the University of Natal, Pietermaritzburg and he went through the Management Development Programmes of the University of Stellenbosch Business School. He is the founder and CEO of Thermo Radiators Botswana, an electromechanical entity specialising in manufacture, repair, and refurbishment of earth moving equipment and heavy plant radiators with key stakeholders being Debswana, Komatsu, Barloworld Equipment. He is also the Managing Director of Growth Properties, a property development corporation, boasting of a well-established Fuel Station in Tsabong, and Corner Bakery. Further to that he is also the Director of Value Chain Group a Transport and Logistics company, with a major focus on refrigerated transport and side tippers.







## Board Profiles

Continued

### Mr. Judge Mookodi Board Member

Mr. Mookodi holds B.Eng. Plant Engineering from Nottingham Trent University, an HND qualification in Mechanical Engineering from Portsmouth University and a Diploma in Strategic Management from the University of Derby. Mr. Mookodi's experience includes being the Chief Executive Officer of the Botswana Football Association, General Manager Cadbury Botswana, General Manager Opti Feeds, Operations Marketing Manager Coca Cola and Market Development Manager Segwana KBL.



### Mr. Meshack Tshekedi Ex-Officio 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 CEO and in June 2020 he was appointed CEO.







# Business Model

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

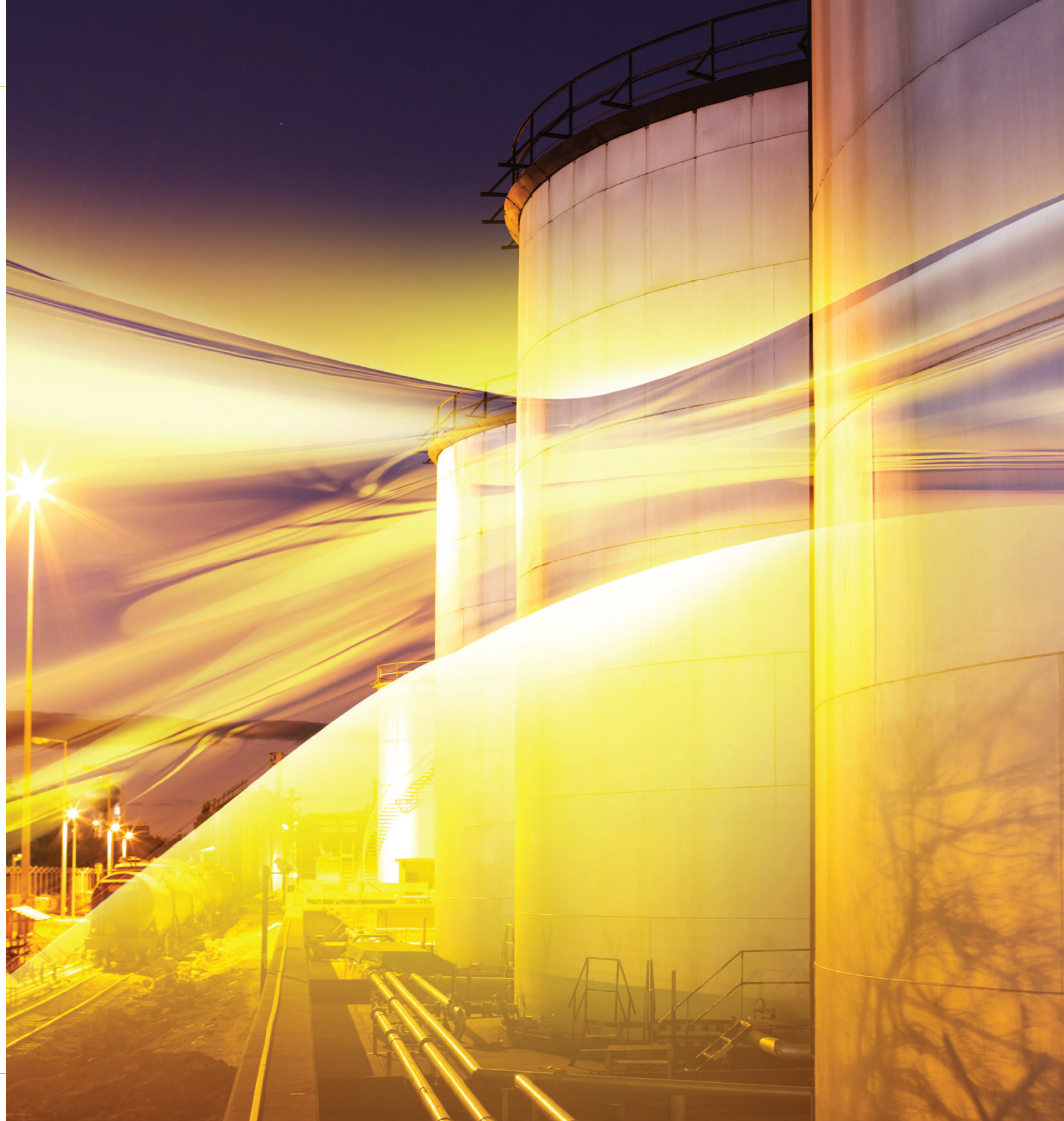
Ensure security and efficiency of supply and distribution of petroleum products in Botswana.

Manage state owned petroleum strategic storage facilities, strategic stocks, bulk distribution facilities; and

Facilitate the meaningful participation of citizens in the oil industry.

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 applied to BERA for an initial 25% import licence and this was granted during the year under review. Implementation has been stalled, awaiting promulgation of an enabling statutory instrument from the Attorney General's Chambers.

At establishment, a strategy developed by 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

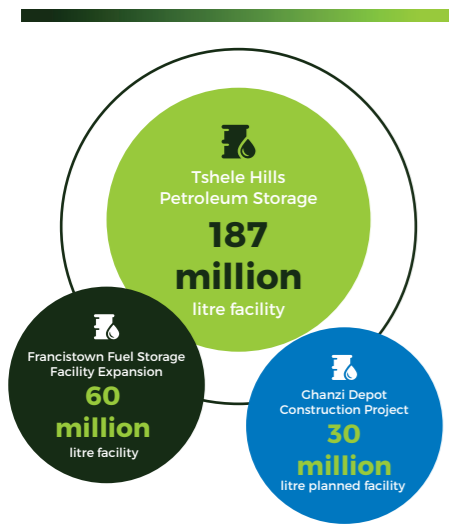






# Chief Executive Officer's Remarks

Unlike the previous reporting period, the period under review recorded no significant supply interruptions. Botswana Oil Limited continued to effectively deliver on its mandate, to ensure security and sufficiency of petroleum products for the country. The year also recorded major successes for the Company as it grew in leaps and bounds. Entering a partnership with Debswana Mining Company, to supply it with fuel is one such major feat. Under the partnership, BOL will supply Debswana mining operations with fuel for its mining operations, over a 5-year period, effective August 2022. The partnership will present an opportunity for BOL to deliver on the third prong of its mandate, **“To facilitate the meaningful participation of citizens in the oil and gas industry”**. This will be supported by the fact that the partnership will see BOL facilitate emerging citizen fuel supply as well as fuel transportation companies to supply Debswana’s Jwaneng, Orapa, Letlhakane and Damtshaa mines with diesel for their operations. This will increase citizen companies market share in the fuel supply and transportation industries, which have over the years been dominated by foreign owned companies.



The year also recorded major successes for the Company as it grew in leaps and bounds. Entering a partnership with Debswana Mine, to supply it with Diesel is one such major feat. Under the partnership, BOL will supply Debswana mining operations with Diesel for its mining operations, over a 5-year period, effective August 2022.

## OPERATIONS

BOL's general operations improved during the year as management of the Government' strategic reserve facilities proceeded smoothly, with the reserves remaining healthy during the year. The average days cover were maintained at 10. The Company used alternative routes to bring product into the country when the traditional South Africa route experienced challenges ranging from broken down refineries to social unrest which hindered free movement of fuel trucks.

Following the granting of the import licence by BERA, BOL set up systems in readiness for the expanded operations. The establishment grew from 51 to 56 by the close of the year. The headcount was expected to grow by another 25% during the next review period.

## CAPITAL PROJECTS

BOL embarked on capital projects a few years ago, and given the magnitude of these projects, most continued into the reporting period. Most of the projects had one common objective, to increase the country's strategic fuel reserve facilities from the current 18 to 60 days. Progress recorded on the projects was as follows:

### Tshele Hills Petroleum Storage Facility

Once complete, the planned 187million litre facility will contribute significantly towards the realisation of the 60 days cover. During the year, progress was recorded on the project, following its resuscitation during the previous reporting period. By the close of the review period, a feasibility study had been completed and an Expression of Interest issued to sound out the market. A resolution had been taken that the project will be completed through a PPP.

### Francistown Fuel Storage Facility Expansion

The project entails the expansion of the facility from the current 38million litres capacity to 95million litres. By the close of the year, the design review and procurement documents were complete. Construction was expected to commence during the first quarter of the next review period.

### Ghanzi Depot Construction Project

The project, which will deliver a 30million litres storage facility, will be in the western part of the country, to service the western envelope. Further to the Environmental Impact Assessment (EIA) and plot



Meshack Tshekedi  
Chief Executive Officer





## Chief Executive Officer's Remarks

### Continued

fencing which had been completed the previous reporting period, the tender for construction had been flighted and evaluation was ongoing. Construction was scheduled to commence in October 2022, for 24 months.

#### COAL-TO LIQUIDS PROJECT

The project, aptly named Ikaegeng (be self-reliant) XTL Project is a Public Private Partnership (PPP) Project for the development of a CTL Facility and a CTL business in Botswana, producing petroleum products, primarily for the local market.

The Project is being developed as a PPP project using the Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) PPP model. By the close of the review period BOL had started the Procurement Process to identify and enter into a PPP Agreement with a Private Sector Partner for the Facility.

#### FINANCIAL PERFORMANCE

The effects of the Covid-19 pandemic continued into the 2021-22 financial year with demand for petroleum products slowly recovering as the economy fully opened in September 2021. BOL recorded a net loss of P17.3million against a budgeted loss of P14.8million, the main contributor being the sales volumes which were below target. The sales volumes were affected by the slow-down in the economy owing to the effects of the Covid-19 epidemic.

The Company achieved sales volumes of 63.8 million litres for 2022 a 43% decline in volumes compared to the 112.8 million litres recorded in 2021. The high volumes in the previous year were driven by supply disruptions to International Oil Companies in June 2020 - August 2020, and BOL had

to step in and supply up to 30% of the local demand.

Revenue for the year was P570 million, a decrease of 5% to the revenue of P598 million recorded in 2021, which was mainly a result of sales volumes that were 43% below the 2021 volumes. The average price for 2022 was P8.93 per litre compared to the average price of P5.30 per litre in 2021. The 2021 price was affected by the global demand for oil which was low due to lockdown all over the world.

The gross margin for the year was recorded at P25 million which was 41% below the budgeted gross margin of P43million. The major contributor to low gross margin was the lower volumes for the year. The gross margin thebe per litre was recorded at 39.6 thebe per litre compared to the budgeted gross margin of 38.6 thebe per litre giving a positive variance due to better prices offered from alternative routes, which was also an improvement from the 34.5 thebe per litre recorded in 2021.

The operating expenditure for the year was recorded at P69 million, a reduction of 4% from the expenditure recorded in 2021 of P72 million. The reduction in expenses was due to prudent management of costs to mitigate the impact of covid-19 on the volumes and revenue.

#### STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

Botswana Oil Limited lived true to its Corporate Social Responsibility (CSR) Policy which emphasises the Company's involvement in and contribution to the betterment of the lives of the communities in which it operates. During the review period, BOL participated in and supported

several worthy causes around the country. Projects were delivered under educational development, community development, sport development and other relevant aspects which have a direct impact on the lives of Batswana.

BOL continued to offer support to its adopted school, Lephepe Primary School in the Kweneng District by constructing and donating a netball pitch. Other support included replenishment of office supplies. Other schools around the country also benefitted sanitiser stands, sanitisers and masks.

BOL's flagship project for the review period was a 2-bedroomed house which it constructed and donated to the Ramotswa community. The agreement was that the house, which will be managed by the Community Leadership, will be used to benefit the community at large, through housing the indigent or those who temporarily need accommodation following floods, fires, or other unfortunate incidents. If the house is rented out, the income would be used for community development.

In its quest to promote community health, BOL also donated 35 rubbish bins to the Francistown City Council. These were installed in strategic places around the city, for public use.

To address the COVID-19 pandemic and safeguard its employees from the disease, BOL ran a campaign themed "**Be Responsible -Take the Jab**" to encourage employees to vaccinate against the virus. The campaign produced a 98% success rate.

## Chief Executive Officer's Remarks

### Continued

#### APPRECIATION

I would like to thank the BOL Board, Management, Staff, customers and all other stakeholders for their support and feedback on our services. Your invaluable feedback helped us to come up with strategies that will help us serve you better. Without your valuable support, the Company would not have come thus far.

**Meshack Tshekedi**  
Chief Executive Officer







# Executive Management



**Meshack Tshekeledi**  
**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 Tshekeledi 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.

In 2018 he re-joined BOL as General Manager - Supply and was appointed Acting CEO the same year. In June 2020 he was appointed CEO.



**Moseitho Kenamile**  
**Acting Chief Operations Officer**

Moseitho 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, Moseitho 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. He joined BOL in 2014.



**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 programmes including the Management Development Programme 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. He joined BOL in 2015.



**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. She joined BOL 2014.



**Tshегоfatso Kenosi**  
**Acting General Manager Operations**

Tshегоfatso Kenosi holds a Bachelor of Arts (Majors in Economics and Accounting) from the University of Botswana and completed the Management Development Programme (MDP) from the University of Stellenbosch Business School. He has also undergone oil and gas training in Bulk Stock tanks, LTO Storage and Handling, LTO Transport Operations, and LTO Stocks Management.

He has extensive experience in the oil and gas industry having started his career in 2004 as Stock Assistant at BP Botswana and was promoted to the position of Depot Relief Manager in 2018. 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.

Tshегоfatso joined Botswana Oil in 2014. He is currently the Acting General Manager Operations.

## Executive Management

Continued





# Senior Management

## Senior Management

Continued



**Gamu Mpofu - Head of New Ventures**  
Master's Degree Economics-  
Macquarie University  
Bachelor of Arts in Social Sciences in Economics  
and Statistics- University of Botswana



**Phatsimo MOETI-Joel - Head of HSSE**  
Msc in Strategic Management-  
University of Derby  
BA Economics and Environmental Science-  
University of Botswana  
Certificate in Enterprise Risk Management-BAC



**Patrick Mmusi - Head of Internal Audit**  
MBA- University of Derby  
Associate Member- CIMA, BICA, IIA  
Management Development Programme-  
Stellenbosch University  
AAT



**Tebogo Erick - Head of Supply**  
MSc Strategic Management - University of  
Derby, UK  
BSc Engineering in Industrial/ Manufacturing  
Engineering - Nelson Mandela Metropolitan  
University  
Senior Management Development Programme  
- Stellenbosch University



**Nozipho Ramokgalo - Head of Finance**  
Fellow Certified Chartered Accountant(FCCA)  
Master of Business Administration (MBA)  
University of Derby  
Management Development Programme (MDP)  
Gordon Institute Of Business Science  
(University of Pretoria)



**Thabo Simon - Head of Commercial**  
MAAT (UK)- Botswana Accountancy College  
Senior Management Development- Stellenbosch  
University  
CIPS



**Matida Mmipi - Head of Stakeholder Relations**  
Msc Leadership and Change Management- Leeds  
Metropolitan University (UK)  
BA Communications  
Bachelor of Laws (LLB)- UNISA  
Management Development Programme-  
Stellenbosch University  
Investment in Excellence Accredited Trainer



**Tshepo Wadipeba - Head of Human Capital**  
Bachelor's Degree in Social Science-  
University of Botswana  
Executive Human Resource Leadership  
Programme- Stellenbosch University



**Solani Setlhako - Head of ICT**  
Msc Strategic Management-  
University of Derby  
BSC. Computer Science-  
University of Botswana  
Senior Management Development- Stellenbosch  
University



**Latelang Chakalisa - Head of Legal**  
Bachelor of Laws- University of Botswana  
Post Graduate Diploma, Strategic Management-  
University of Derby  
Senior Management Development Programme -  
Stellenbosch University







# Operational Highlights

The Company continued to operate on a willing buyer willing seller model as it awaited the promulgation of enabling legal instruments to operationalise the import licence it was awarded by BERA during the year. This adversely affected performance which remained low through the reporting period. By the close of the period, sales performance stood at fifty-eight (58%) against budgeted volumes of 110million litres at actual volumes of 63.8million litres. This translated to 42% below budgeted actual sales volume performance for the year. The budget assumption was based on the willing-buyer-willing-seller supply model to IOCs and COOCs. The sales by product for there year for diesel were 82%, ULP95 at 16% and ULP93 at 2%.

The highest sales volume recorded for the year was 9.1 million litres in November 2021. This was due to increased demand for Diesel 50PPM by the mines. COOC sales performance for the year stood at 17.7% of the total annual performance.

The Gaborone Depot recorded the highest sales at 83% of the total annual sales. Francistown Depot recorded 7% and 10% was sold through direct bridging.

### Sales Performance

**63.8 million litres** By close of the period, Against budgetted volumes of 110million

### HSSEQ Performance

**Goal Zero**

- 365 days without LTI
- No fatalities
- No Lost Time injury
- Zero Spillages

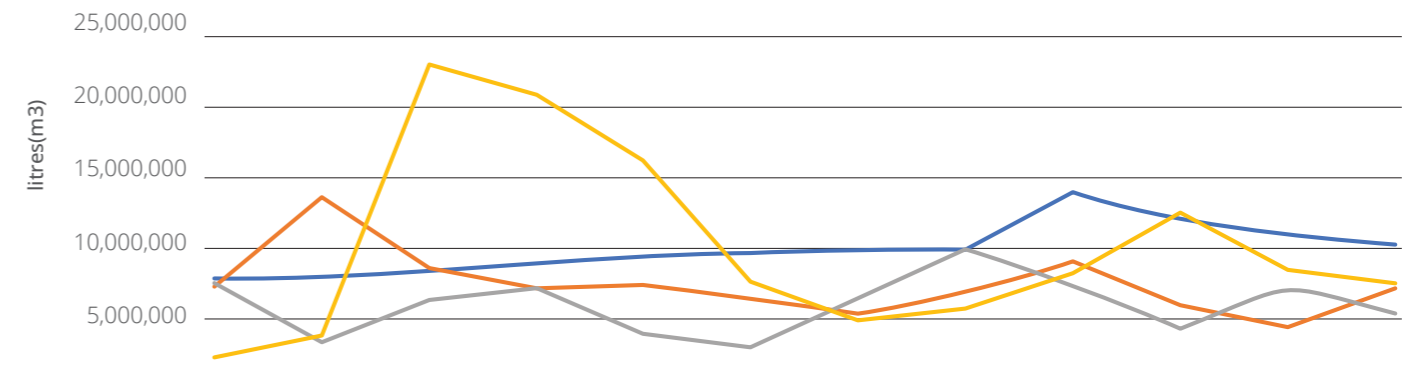
The highest sales volume recorded for the year was 9.1million litres in November 2021. This was due to increased demand for Diesel 50PPM by the mines.



## Operational Highlights

Continued

### Budget vs Forecast vs Actual vs LFY



	April	May	June	July	August	September	October	November	December	January	February	March
Budget	7,234,0	7,234,0	7,734,0	8,234,0	8,734,0	8,934,0	9,234,0	9,234,0	13,234,0	11,234,0	10,234,0	9,534,0
Forecast	6,605,0	12,925,0	7,885,0	6,460,0	6,750,0	5,740,0	4,760,0	6,116,0	8,409,0	5,296,0	3,779,0	6,513,0
Actual	6,877,1	2,638,1	5,684,6	6,493,8	3,266,1	2,340,8	5,810,9	9,175,0	6,664,6	3,662,4	6,548,5	4,650,4
LFY Actual	1,629,7	3,149,7	22,166,	22,090,	15,510,	6,965,6	4,285,6	5,106,6	7,561,8	11,807,	7,728,2	6,834,1



### Alternative Routes

BOL strove to use alternative routes to cushion effects in the event of the unavailability of the traditional South African route. However, high diseconomies continued to hinder the full and permanent use of alternative routes, especially Mozambique and Namibia. Average diseconomies for the Mozambique route range between 50 and 80 thebe per litre. Namibia volume supply margins were 82.63 thebe per litre on average. A total of 3.1 million litres was procured from Mozambique during the year under review under these diseconomies and 9.5 million litres procured from Namibia. These alternative routes volumes represented 19% of the total procured volumes for the year.





## Operational Highlights

### Continued

#### STOCK POSITION

The Company maintained healthy stocks throughout the year. By the close of the year the days cover stood at 13.7, a significant improvement from 12 days, year, on year the previous reporting period.

#### Stock Position as at 31 March 2022

	ULP93	ULP95	AGO50PPM	TOTAL
Opening	4,728,777	9,683,512	22,870,072	37,282,361
Receipts	30,535		4,378,311	4,408,846
Transfers	2,384,960	-2,291,192		93,768
Tank Variances	23,153	-136,359	-21,683	-134,889
Closing stock	7,167,425	7,255,961	27,226,700	41,650,086

Number of days stock cover

13.7

#### Strategic Infrastructure Projects

The Botswana Government has identified the need to develop additional bulk petroleum product storage infrastructure in the country to ease the pressure on the strategic and commercial operations of the existing Gaborone and Francistown depots as well as those for the private sector, spread across the country.

BOL, on behalf of the Ministry of Minerals and Energy (MME) is currently developing three storage facilities to meet the objective of increasing the national strategic reserve facilities from 18 days to 60 days as part of the fuel supply security. The three projects are the Tshela Hills, Ghanzi Depot and the expansion of the existing Francistown Depot.

#### Tshela Hills Oil Storage Facility

The project aims to construct approximately 187 million litres of storage at a location 4 kms west of Rasesa village in the Kgatleng District. The project is implemented through the Public-Private Partnership model that will eventually see the private sector developing the infrastructure.

#### Ghanzi Oil Storage Depot

The project is intended to build a relatively small oil storage facility of 30million litres capacity 44 kms outside Ghanzi, along the Mamuno road.

#### Expansion of the Francistown Depot

The Francistown expansion project remains on track for phased implementation during 2022/23 and 2023/24. The project will develop the truck loading and off-loading facility in

the first phase and the second phase scope includes the tank farm and associated infrastructure equipment. The second phase of the project entails construction of an additional 60 million litres of storage capacity.

#### Francistown Depot Efficiency Improvement Project

To facilitate taking over operations of the Francistown Depot from Vivo Energy Botswana (VEB), BOL, on behalf of MME implemented a portion of the Francistown Depot Expansion Project scope. This project was named *“Depot Efficiency Improvement project”* as it introduced a transfer station that will efficiently transfer product through pipelines to neighbouring depots. The project was commissioned in February 2022.

On the 31st of March 2022 BOL took-over operations of the Francistown Depot from Vivo Energy Botswana. The take-over happened notwithstanding the absence of road loading and off-loading gantries. The gantries will be prioritised in the Francistown Depot Expansion project and are expected to be completed in the next reporting period.

#### Gaborone Depot Laboratory Project

The installation of the product testing facility was completed and commissioned in August 2021 at a cost of P2,165,114.98. The facility is intended to ensure the integrity of product quality and to manage the health, safety, and environmental risks in the day-to-day operations.

## Operational Highlights

### Continued

#### Information Communications Technology (ICT)

To align ICT with the corporate strategic objectives and the business needs BOL embarked on several initiatives during the year under review. The Company reviewed its ICT strategy to remain relevant to the business needs and advancement in technology. The review covered Information Systems, Information Technology, and Information Technology Governance and Management. In the revised 5-year strategy BOL identified the following focus areas and factors to shape the success of ICT Strategy implementation and reaching its ICT vision:

- ICT Contribution to Business Outcomes: through optimised use of value adding IT services in line with stakeholder requirements.
- Digitalisation: increasing the level of digitalisation to reduce manual work and thus improve business process efficiencies.
- Integration and Electronic Data Interchange: moving away from working in silos to a future of integrated systems working seamlessly together to serve stakeholders better and offer a single source of truth.
- Customer and Stakeholder Centricity: putting customers and stakeholders experience first and providing platforms and avenues that increase stakeholder's access to BOL services.
- Information Security Management: efforts to identify, mitigate, and avoid information security risks related to people, processes, and technologies.

- Governance and Management of Information and Technology: implementation of appropriate governance and management processes to ensure the effective and efficient use of ICT, for value addition. Service Management – implementation and adoption of service management standards to ensure efficiency in service request management and problem resolution.

As part of its ICT Strategy Roadmap Implementation, BOL successfully completed several projects, amongst them, the implementation of the S/4 HANA platform, through a project dubbed Project iFocus which went live in October 2021. Project iFocus follows from Project Sesigo, an SAP ERP implementation that was done in September 2016 delivering an automated Procure to Cash process through Materials Management, IS-OIL, Sales and Distribution, and Finance & Controlling.

Project iFocus, was necessitated by the need to meet requirements of new PMC license renewal done in 2020. The project is expected to bring about several benefits, amongst them, faster in-memory processing through New Data models, Real-Time Embedded Analytics and New User Interface (Fiori Apps).

Other ICT projects successfully completed as part of the roadmap are the Implementation of a Board papers solution for management of Board meetings and the Implementation of an eSignature solution which are convenient for on-the-go approvals.







## Operational Highlights

Continued

### HEALTH SAFETY SECURITY ENVIRONMENT AND QUALITY

BOL recorded positive HSSEQ performance for the period under review, maintaining commitment to Goal Zero. *Goal zero emphasises the "Protect personnel, property, environment, communities we operate in, information and reputation against security threats as well as to deliver quality goods and services".* In line with this, all HSSEQ key performance indicators which are aligned to the organisational strategic objectives remained positive during the year.

#### HSSE Key Performance Indicator's for The Year Ending 31 March 2022

Key Performance Indicators	KPI/Measure	Targets 2021/2022	Actual Mar 2022	YTD Mar	Comments
Promote adherence to HSSE policy and stewardship	Zero days (Days without LTI)	365 days	31 days	365 days	365 days without LTI
	No of fatalities	0	0	0	No fatalities
	LTIFR	0.0	0	0	No Lost Time injury
	No of spills>100kg	0	0	0	Zero Spillages
Operating Management System-Sentlhaga	No of significant HSSE audit findings	<2	N/A	N/A	HSSE Audit to be conducted post 1 year of OMS implementation. Self assessment/Internal audit to be conducted at Q1 2022/23 FY. External Audit by independent body to be conducted at 2022/23.
	HSSE MS Implementation	100%	90%	90%	OMS Launched in July 2021, 90% overall. Manual 15%, Policies 20%, Standards 20%, and Processes 20% roll out completed. Sentlhaga portal socialised. OMS Champions reviewing SOP's with departments. SOP 5% & Evidence based documents 5% to be completed in Q1 22/23. OMS Champions workshop held. Baseline audit to be conducted Q1 2022/2023

### HSSEQ Capacity building

HSSEQ capacity building continues to be BOL priority. BOL conducts different HSSEQ training to employees to inculcate a safety culture in the Company. During the review period the following were achieved under this aspect:

#### HSSEQ Projects Support:

- Francistown Depot Efficiency Improvement Project
- Francistown Depot Take over project
- Francistown Depot Expansion
- Tshela Hills Depot
- Debswana Fuel Supply project
- Ganzi Depot

HSSEQ themed events and commemorations were also used to cultivate and strengthen the HSSEQ culture in the organisation. During the year, BOL delivered the following:

- HSSEQ Induction Stand down
- HSSEQ Culture Day
- COVID-19 awareness
- AIDS Day
- Environment Day

## Operational Highlights

Continued

### Operating Management System (OMS)

Botswana Oil Limited with the support of Environmental Resources Management (ERM) consultants embarked on a project to develop an integrated Operating Management System (OMS) to managing and implementing its various Health, Safety, Security, Environmental and Quality activities, including the necessary organisational structures, accountabilities, policies, standards, processes, and procedures. The BOL OMS is achieved through a combination of the internationally recognised Standards ISO 9001, ISO 14001 and ISO 45001, best practice, duty of care legal and regulatory requirements. The Health, Safety, Security, Environment and Quality (HSSEQ) Management System (MS) development project, which was branded **Sentlhaga**, was completed during the review period. The project launch and implementation of the project across entire BOL operations was completed during the last quarter of the review period. In the next review period, the Company will embark on self-assessment and auditing of the system and eventually attain ISO certifications.

### OUR PEOPLE

#### Leadership Development

Cognisant of the fact that the successful execution of the revised BOL Strategy hinges on the quality and competency of the leadership BOL identified a need to have an effective and competent leadership. With major planned and ongoing projects BOL requires a team that is equipped to constantly deal with the changing demands of operating in a global market. To achieve this, during the reporting period, BOL embarked on the following leadership development activities:

- Ten (10) employees were enrolled for the Management Development Programme and Senior Management Development Programme respectively, with the University of Stellenbosch Business School and successfully completed their studies.
- Three (3) executive management members were enrolled for the Global Executive Leadership Development Programmes with Deloitte.

#### COVID - 19 Support

During the reporting period, BOL continued to monitor and manage the COVID-19 pandemic to ensure the safety and health of BOL employees as well as its clients. All BOL employees were encouraged to take the available vaccination for COVID-19 as well as the booster shots. As at 31st March 2022, 98% of the employees were fully vaccinated. The high percentage of vaccinated employees was attributed to by management's efforts to encourage employees to get vaccinated, with two internal vaccination campaigns run.

#### Employee Engagement

The main focus under employee engagement during the reporting period was the implementation of the employee engagement action plan which progressed with addressing identified areas of concern from the employee engagement survey. These included leadership development, supervisory support, team building, and staff consultations on BOL operations. In addition, BOL continued to implement other activities that aimed at creating a compelling employee experience for the

staff. During the reporting period, BOL hosted several activities for staff such as the Long Service Awards and the high tea session for Women's Day to appreciate all BOL women and provide a platform for them to discuss issues and challenges they face as they strive to take up space in the corporate and business world.

Opening the year with a head count of 51, the company closed the year with a count of 56. BOL also accommodated a total of 8 interns during the year. A staff attrition of 5.6% was recorded for the year.





# Our People

Three (3) executive management members were enrolled for the Global Executive Leadership Development Programmes with Deloitte and successfully completed the programme.

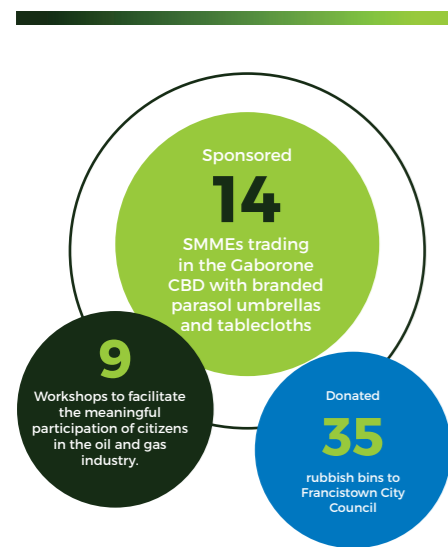






# Stakeholder Management and Corporate Social Responsibility

To effectively manage its relationships with its various stakeholders, BOL segmented them into various groups and designed targeted initiatives to address each group's needs. Stakeholder consultations were done at every level, through briefings to the Minister of Minerals and Energy, Permanent Secretary, BOL Board, Department of Energy, Oil Industry Association, Botswana Citizen Oil Companies Association, International Oil Companies, Citizen Owned Oil Companies and various Government Ministries and departments.



Work to implement the findings of a Customer Satisfaction Survey BOL embarked on during the previous reporting period continued as the Company strove to improve its customer satisfaction index. Recommendations for improvement centred around improving the Company's visibility, community engagement and improving accessibility of BOL facilities to customers.

Several Corporate Social Responsibility projects were completed to address some of these recommendations. The Company built and donated a two-bedroomed house to the Ramotswa community. The house will be managed by the Village Development Committee, together with the Community Leadership, for the benefit of the community at large. It could be rented out, used to house the destitute or temporarily house victims of natural disasters such as floods and fires.

To promote Small, Medium and Micro Enterprises (SMMEs) BOL sponsored 14 such entities trading in the Gaborone Central Business District with BOL branded parasol umbrellas and tablecloths. Over and above assisting the businesses, the

umbrellas brought some orderliness' to the CBD, at the same time promoting the BOL brand.

BOL further donated 35 rubbish bins to the Francistown City Council to promote the Council's efforts to keep the city clean. These rubbish bins were installed in strategic places around the city.

In line with its mandate of facilitating the meaningful participation of citizens in the oil and gas industry, BOL mentored, coached, and trained those interested in entering the industry. Nine workshops on various aspects of the Company's operations were held and some stakeholder groups hosted on BOL infrastructure tours.

Effective risk management is part of the BOL culture and since establishment, this has been achieved by ensuring compliance with internal policies and procedures, applicable laws, regulations, contractual obligations, and stakeholder covenants which are all key to sustained and continued growth.







# Enterprise Risk Management

Effective risk management is part of the BOL culture and since establishment, this has been achieved by ensuring compliance with internal policies and procedures, applicable laws, regulations, contractual obligations, and stakeholder covenants which are all key to sustained and continued growth. Through the Board of Directors and the Finance, Audit and Risk Committee (FARC), Executive Management continually monitors and assesses high risk areas and develops strategies and action plans to reduce overall risk exposures.

As a wholesale importer, during the year, BOL was awarded the Partnership project for Supply of fuel and equipment management by Debswana Mine. The partnership presents an opportunity for increased volumes as BOL will supply the mine with 60million litres of diesel over 5 years, effective August 2022.

BOL has established a robust Enterprise Risk Management (ERM) framework and policies and is committed to ensuring alignment to ISO 31000:2018 and generally accepted good practice as well as the principles of the King IV™ 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 such 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 and helps to enhance performance. The BOL Risk management strategy and framework includes:

- Risk and Opportunity Identification
- Risk Assessment
- Risk Response
- Risk Contingency Planning
- Risk Tracking and Reporting

## RISK APPETITE

Risk appetite and tolerance levels for the Company were defined in the Risk Appetite Statement (RAS) and approved by the Board. The RAS improves alignment of the risk management approach to corporate strategy subsequently leading to more efficient allocation of resources and enhances internal controls. Furthermore, the Annual Enterprise Risk Management Plan that documents the processes, activities, tools, and procedures were employed to manage and control events that could have a negative or positive impact on the Company.

## RISKS AND OPPORTUNITIES

### Risks

#### Covid 19

On 11th March 2020, The World Health Organisation (WHO) declared the Novel Coronavirus (Covid-19) outbreak a global pandemic and 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 maintain remote working conditions
- Enhancing HSSEQ controls to align with Covid-19 protocols

Management provided the requisite budget and guidance during the period and supported initiatives aimed at improving workplace safety.

#### Fuel Supply Disruption

During the review period, BOL continued to observe and track, fuel supply disruptions, and activated response plans to support the nation through ramping up supply using alternative routes and, in liaison with the Government released strategic reserves to alleviate the situation.

### HSSEQ Incidents

This aspect concerns itself with the risk of BOL experiencing HSSEQ risks, causing harm to people, assets, environment, and communities the Company operates in. BOL continued to implement robust HSSEQ management system in all its operations to maintain goal zero.

### Financial sustainability and profitability

Lack of a defined and sustainable business model continued to impact the Company's operations as it could not maximally deliver on its mandate. During the review period, the Company continued to operate under the willing-buyer-willing-seller model while awaiting the approval of a regulatory framework to enable the implementation of the import licence awarded during the year.

### Opportunities

#### Import Mandate License

The opportunity for BOL to be awarded the import licence with supporting regulatory instruments remained a major opportunity which was subsequently realised during the review period for the licence. However, the supporting regulatory instruments remained outstanding by the close of the review period. The import licence will afford BOL to effectively deliver on its mandate, to ensure the security and efficiency of fuel supply to Botswana and promote active citizen involvement in the petroleum industry.

**Increased Volumes** – As a wholesale importer, during the year, BOL was awarded the partnership project for supply of fuel and fuel infrastructure management by Debswana Mine. The partnership

presents an opportunity for increased volumes as BOL will supply the mine with 60million litres of diesel over 5 years, effective August 2022.

### Increased citizen empowerment

The BOL-Debswana partnership also presents opportunities for BOL to improve citizen participation in the petroleum industry as it creates a need for support services along the oil value chain such as trucks staging, truck stops, tyre services, wash bays and, truck service and maintenance jobs for Batswana.

### Successful delivery of depot facilities projects

The opportunity for BOL to complete and deliver depot facilities projects being Tshele hills, Francistown Depot and Ghanzi Depot. The depot facilities will increase days cover of petroleum products in the country and days cover of strategic stocks.







# 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 ended 31st March 2022 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.







# BOL Corporate Social Responsibility







# Botswana Oil Limited

## Annual Financial Statements

### For The Year Ended

### 31 March 2022

#### Contents

<b>46</b>	Corporate Information
<b>47</b>	Statement of Directors' Responsibility
<b>48</b>	Independent Auditor's Report
<b>50</b>	Statement of Comprehensive Income
<b>51</b>	Statement of Financial Income
<b>52</b>	Statement of Changes in Equity
<b>53</b>	Statement of Cash Flows
<b>54</b>	Summary of Significant Accounting Policies
<b>63</b>	Financial Risk Management
<b>68</b>	Critical Accounting Estimates and Assumptions
<b>69</b>	Notes to the Financial Statements





# Botswana Oil Limited Corporate Information

For the year ended 31 March 2022

## 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

Mr Martin Motsomi Makgatlhe Chairman	(Appointed 01st September 2021)
Mr Meshack Tshekeledi Member/ CEO	(Appointed 01st June 2020)
Ms Caroline Setshedi Botlhole-Mmopi Member	(Reappointed 01st August 2021)
Mr Motsile Stephen Sibanda	Member (Appointed 01st April 2021)
Mr Nchena Zico Mothebe	Member (Appointed 01st April 2021)
Ms One Pearl Batshabile	Member (Appointed 01st April 2021)
Mr Judge Mogogi Mookodi	Member (Appointed 01st April 2021)
Mr Kenneth G Matswiri	Member (Appointed 01st April 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  
Access Bank Botswana  
Absa Bank Botswana  
First National Bank Botswana Bank Gaborone

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

# Botswana Oil Limited Statement Of Directors' Responsibility

For the year ended 31 March 2022

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

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

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

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors. The annual financial statements set out on pages 44 to 80 were authorised and approved for issue by the Board of Directors on 14 September 2022 and are signed on its behalf by:



**Meshack Tshekeledi**  
Chief Executive Officer



**Director**  
**Martin Motsomi Makgatlhe**



# Independent Auditor's Report



To the Shareholder of Botswana Oil Limited

## Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Oil Limited (the "Company") as at 31 March 2022, 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 44 to 80 comprise:

- the statement of financial position as at 31 March 2022;
- 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.

We have determined that there are no key audit matters to communicate in our report.

## 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 2022". 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.

# Independent Auditor's Report



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.
- 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

PricewaterhouseCoopers  
Firm of Certified Auditors  
Practicing Member: Kosala Wijesena (CAP 0025 2022)

27 September 2022  
Gaborone



# Botswana Oil Limited

## Statement Of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 P	2021 P
<b>Revenue</b>	1	569,913,964	598,520,833
<b>Cost of sales</b>	2	<b>(544,630,823)</b>	<b>(559,555,850)</b>
Gross profit		25,283,141	38,964,983
Other operating income	3	15,075,852	34,927,792
Impairment gain on trade receivables		385,071	3,982,086
Administrative expenses	4	(69,609,436)	(76,467,464)
<b>(Loss)/profit from operations</b>	<b>4</b>	<b>(28,865,372)</b>	<b>1,407,397</b>
<b>Finance income</b>	<b>5</b>	<b>11,713,989</b>	<b>10,017,753</b>
Finance cost	5	(141,219)	(2,206,697)
<b>(Loss)/profit before income tax expense</b>		<b>(17,292,602)</b>	<b>9,218,453</b>
Income tax			
<b>(Loss)/profit after income tax expense</b>		<b>(17,292,602)</b>	<b>9,218,453</b>
Other comprehensive income		-	-
Total comprehensive		-	-
<b>(Loss)/ profit for the year</b>		<b>(17,292,602)</b>	<b>9,218,453</b>

# Botswana Oil Limited

## Statement Of Financial Position

As at 31 March 2022

	Note	2022 P	2021 P
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant & equipment	7	2,746,956	3,195,804
Intangible assets	8	2,962,235	2,983,926
Right of use assets	9	2,793,416	2,895,889
		8,502,607	9,075,619
<b>Current Assets</b>			
Inventories	10	20,348,144	13,906,878
Trade and other receivables	11	54,631,317	34,209,309
Investments	12	194,222,305	208,297,013
Cash and cash equivalents	13	76,465,777	98,937,226
		345,667,543	355,350,426
<b>Total Assets</b>		<b>354,170,150</b>	<b>364,426,045</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated capital	14	113,127,939	113,127,939
Capital reserves	15	156,669,319	156,669,319
Accumulated loss		(124,899,597)	(107,606,995)
		144,897,661	162,190,263
<b>Non Current Liabilities</b>			
Lease liability	16	1,840,326	1,295,589
		<b>1,840,326</b>	<b>1,295,589</b>
<b>Current Liabilities</b>			
Lease liability	16	978,301	1,951,154
Shareholder's product loan	17	-	16,018,512
Government advances	18	127,363,324	106,916,373
Trade and other payables	19	79,090,53	76,054,154
		207,432,163	200,940,193
<b>Total Liabilities</b>		<b>209,272,489</b>	<b>202,235,782</b>
<b>Total Equity and Liabilities</b>		<b>354,170,150</b>	<b>364,426,045</b>



# Botswana Oil Limited Statement Of Changes in Equity

For the year ended 31 March 2022

	Stated Capital P	Capital Reserves P	Accumulated loss P	Total Equity P
<b>Balance as at 1 April 2020</b>	113,127,939	156,669,319	(116,825,448)	152,971,810
Profit for the year	-	-	9,218,453	9,218,453
<b>Balance at 31 March 2021</b>	<b>113,127,939</b>	<b>156,669,319</b>	<b>(107,606,995)</b>	<b>162,190,263</b>
<b>Balance as at 1 April 2021</b>	113,127,939	156,669,319	(107,606,995)	162,190,263
Loss for the year	-	-	(17,292,602)	(17,292,602)
<b>Balance at 31 March 2022</b>	<b>113,127,939</b>	<b>156,669,319</b>	<b>(124,899,597)</b>	<b>144,897,661</b>
<b>Notes</b>	<b>14</b>	<b>15</b>		

# Botswana Oil Limited Statement Of Cash Flows

For the year ended 31 March 2022

	Note	2022 P	2021 P
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before income tax expense		(17,292,602)	9,218,453
<b>Adjustments for :</b>			
Profit on disposal of assets		(20,776)	(62,949)
Profit on lease cancellation		(324,917)	
Depreciation, amortisation and impairment	7,8,9	4,138,461	5,429,435
Product loan - drawn from Government reserves	17	(16,018,512)	(7,322,472)
Interest received	5	(11,713,989)	(10,017,753)
Unrealised foreign exchange loss on bank balances		117,820	112,159
Interest paid	5	135,758	263,713
<b>Cash flows before working capital changes</b>		<b>(40,978,757)</b>	<b>(2,379,414)</b>
Increase in inventories	10	(6,441,266)	(9,988,039)
Increase in trade and other receivables	11	(20,422,008)	(19,886,076)
Increase/(decrease) in trade and other payables	19	3,036,384	(24,279,781)
<b>Net cash utilised by operations</b>		<b>(64,805,647)</b>	<b>(56,533,310)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant & equipment	7	(805,337)	(1,208,696)
Acquisition of intangible assets	8	(1,173,436)	(2,357,716)
Proceeds from disposal of assets		69,158	96,055
Decrease/(increase) in investments	12	14,074,708	(204,079,276)
Interest received	5	11,713,989	10,017,753
<b>Net cash generated from investing activities</b>		<b>23,879,082</b>	<b>(197,531,880)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability	16	(1,874,015)	(2,283,812)
Proceeds from government for projects and maintenance	18	70,588,824	19,040,357
Utilisation of government funds on projects and maintenance	18	(39,532,589)	(16,262,764)
Outflow of funds for procurement of government strategic fuel	18	(36,950,143)	(47,815,740)
Inflow of funds for procurement of government strategic fuel	18	26,340,859	
<b>Net cash (utilised by)/generated from financing activities</b>		<b>18,572,936</b>	<b>(47,321,959)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(22,353,629)</b>	<b>(301,387,149)</b>
<b>Unrestricted cash and cash equivalents at the beginning of the year</b>		<b>98,937,226</b>	<b>400,436,534</b>
<b>Effects of exchange rate movement on cash balances</b>		<b>(117,820)</b>	<b>(112,159)</b>
<b>Unrestricted cash and cash equivalents at the end of the year</b>	13	<b>76,465,777</b>	<b>98,937,226</b>



# Botswana Oil Limited Summary Of Significant Accounting Policies

For the year ended 31 March 2022

## 1 GENERAL

Botswana Oil Limited ("BOL"/ the "Company") is a company fully owned by the Government of Botswana under the Ministry of Minerals and Energy (MME). 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. This will include the investments held with BIFM which 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 2022 year-end and are applicable to the company		
Number	Effective date	Impact on the Financials
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment 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 COVID-19 is a lease modification, provided that the concession meets certain conditions.  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.	Annual periods beginning on or after 1 June 2021	No impact on these financial statements as BOL did not receive any rent concessions.
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' - interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021	IBOR reform has no impact on these financial statements

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

"International Financial Reporting Standards, interpretations and amendments issued but not effective and are applicable to the company"		
Number	Effective date	Impact on the Financials
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use. 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.	Annual periods beginning on or after 1 January 2022	No impact expected
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current.  The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.	Annual periods beginning on or after 1 January 2023	No impact expected

# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## Foreign currency translation

### (a) Functional and presentation currency

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

### (b) Transactions and balances

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

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

## Property, plant and equipment and intangible assets

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

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

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

Item	Useful lifetime
Leasehold Improvements	Over the operating lease period(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.



# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## Intangible assets(continued)

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.

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 (SOI).

## 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 right of use asset is measured at cost less accumulated depreciation and impairment losses.

# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## Measurement and recognition of leases as a lessee (continued)

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 which is 3 years. 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. 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 Minerals and Energy (MME).

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.



# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## Measurement and recognition of leases as a lessee (continued)

### 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:

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

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

## Investment funds

The Company initially and subsequently recognizes 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. Subsequent to initial investment the investment accumulates interest monthly that increases its value, and this interest varies depending on the performance of the market.

There are no losses as the investment is that of capital preservation.

## 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 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.

# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## Trade receivables(continued)

### Initial and subsequent measurement(continued)

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 of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors and are of short term.

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

### Cash and cash equivalents

The company considers cash and cash equivalents as 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 initially measured at fair value and subsequently measured at amortised cost. Cash and cash equivalents are classified as low risk as they are held with highly reputable financial institutions hence subject to insignificant risk changes.

Gains on cash earned as interest on call and fixed deposits are recognized through the profit and loss as interest income in the statement of comprehensive income (SOCI).

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.

### Capital reserves

Capital reserves represents cash received from the shareholder through Security of Supply Margin ("SSM") for working capital purposes.

There is no requirement for BOL to issue any shares in exchange for the funds received nor repay them to the Government. The presentation and disclosures are treated as capital reserves in the Statement of Financial Position as the funds are in substance a capital contribution and they are non-reciprocal in nature.



# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## Capital reserves (continued)

These amounts are recorded in a separate reserve account within equity.

## 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.

Trade and other payables are de-recognised when the obligation under the liability is discharged, cancelled or expires.

## 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 Minerals and Energy (MME). 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.

## Government advances

Government advances represent the funds received from the Botswana Government for the implementation of Government projects, sourcing of strategic reserves and maintenance of Government depots.

The funds received from government are recognized in the balance sheet as liabilities for either government advance product purchasing or government advance projects.

# Botswana Oil Limited Summary Of Significant Accounting Policies **Continued**

For the year ended 31 March 2022

## 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 for as the fund is in 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, 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 are 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.

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.



# Botswana Oil Limited Summary Of Significant Accounting Policies Continued

**For the year ended 31 March 2022**

## 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 Minerals and Energy. 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.

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.

# Botswana Oil Limited Financial Risk Management

**For the year ended 31 March 2022**

## 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 continues to manage its working capital which is current assets net of current liabilities. The current ratio has improved from 1.77:1 to 2.73:1. All this was due to efforts to manage its working capital. Excess cash was invested into low-risk financial institutions, robust debtors' collection measures were applied and engagement with suppliers for reasonable credit terms aided in improving the working capital. This was against a target of 1.5:1.

## 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.

Balances exposed to foreign currency risk are trade payables to foreign suppliers for fuel procurement and foreign account bank balances. On 31 March 2022 the company's financial assets and liabilities denominated in foreign currencies are:

	2022 Debit/(Credit)	2021 Debit/(Credit)
<b>Bank balances</b>		
United States Dollar	1,375,442	8,924,426
South African Rand	2,240,139	21,546
<b>Trade payables</b>		
United States Dollar	(1,123,450)	(16,366,747)
South African Rand	(48,188,425)	(34,560,522)

As at 31 March 2022, 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 P112,345(2021: P1,636,675) and P137,544 (2021: P892,443) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USA dollar denominated payables and bank balances respectively.



# Botswana Oil Limited

## Financial Risk Management Continued

For the year ended 31 March 2022

### Market risk(continued)

#### (ii) Cash flow and fair value interest rate risk(continued)

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.

	2022 (P)	2021 (P)
Stanbic Bank Botswana Limited	140 856 128	223 749 279
First National Bank Botswana Limited	5 405 546	710 289
Access Bank	116 492 027	-
Bank Gaborone	-	76 291 747
BIFM Gratuity Investment	7 592 131	4 750 886
Lease Liability	(2 818 627)	(3 246 743)
<b>Total</b>	<b>267 527 205</b>	<b>302 255 458</b>

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/decrease of 1% in the interest rate in short-term cash deposits would increase/decrease interest income by P2 675 272 (2021: P3 022 554).

#### (iii) Price risk

The pricing structure of the oil industry is based on the slate which is regulated by the Botswana Energy Regulatory Authority (BERA). It is a volatile structure as it is influenced by different elements. The price risk the company is exposed to relates to its inventory and product loan.

As disclosed in Note 17.1 to the financial statements, the amount outstanding quantity of fuel loaned from the Government strategic reserve at the year-end date was P - (2021: P16,018,512). 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 of P4 754 546 (2021: P1 039 017) through decrease of this liability because of increases in the published slate price per litre subsequent to the initial drawdown. The company mitigates this risk by closely monitoring price movements to decide on closing inventory levels and product loan levels to avoid negative impact.

The maximum amount subject to Price Risk as at 31 March 2022	2022 (P)	2021 (P)
Closing Inventory	20 348 144	13 906 878
Shareholder's product loan	-	(16 018 512)
<b>Total</b>	<b>20 348 144</b>	<b>2 111 634</b>

Fluctuations in slate price per litre of the subsequent month impacts on the value of opening inventory and shareholder's loan, giving rise to price risk. An increase/decrease of 1% in the slate price increase/decrease the value of stock and loan by P203 481 (2021: P211 163).

# Botswana Oil Limited

## Financial Risk Management Continued

For the year ended 31 March 2022

### Market risk(continued)

#### (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. The main financial institution where the company places its funds at is Stanbic Bank Botswana which has a credit rating of AAA as per Fitch's ratings. 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.

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.

Financial assets are considered impaired if there is objective evidence of impairment as a result of one or more occurred loss events that have an impact on the estimated future cash flows of the financial asset.

At each reporting date management considers each debtor to determine if it is recoverable, or whether its recovery is doubtful. Each debtor is assessed individually, and a provision is made for those where indications exist that recovery is uncertain or where clear evidence exists that the outstanding amount will not be recovered.

The loss allowance on trade receivables is determined as the lifetime expected losses. 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 of socio, political and economic factors on the expected receivables. These are grouped based on the shared risk characteristics. International Oil companies are grouped together while Citizen Oil companies are grouped together. Government receivables are excluded from the matrix as there is no risk of default.

Trade receivables are credit impaired if they exceed 150 days of non-payment based on payment terms.

Cash and cash equivalent and investment are not expected to be impaired as the investment is capital preserved while cash is kept on high creditable banks. Fixed deposits are done on contractual rates which will not be affected by market rate fluctuations.

The credit risk loss assessment in note 11 shows that there was recovery of 100% loss allowance raised in 2021. The allowance raised is 0% (2021:6%) of the trade receivable balance. 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 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.



# Botswana Oil Limited

## Financial Risk Management Continued

For the year ended 31 March 2022

The expected loss rates are based on payment profiles of sales. The historical loss rates are adjusted to reflect the current and forward-looking information on 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 2022.	2022 (P)	2021 (P)
Trade receivables (net)	24 242 144	6 420 119
Other receivables	10 222 815	5 113 670
Amounts due from related parties	20 166 358	22 675 520
Cash and cash equivalents	76 465 777	98 937 226
Investments	194 222 305	208 297 013

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.

### (v) Liquidity risk

Liquidity risk arises when the company is unable to meet its payment obligations in a timely manner when they become due. This can arise as a result of poor cash flows, inability to obtain financing. 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.

At the end of the reporting period the company had call and fixed deposits of P263,092,061 (2021: P302,482,455) that are expected to readily generate cash inflows for managing cash liquidity.

Management continues to monitor actual cashflows against budgets and does rolling forecasts to be alert of any risk that may occur. There are cash saving policies in place to be implemented as measures against liquidity risk.



# Botswana Oil Limited

## Financial Risk Management Continued

For the year ended 31 March 2022

### Market Risk

#### (v) Liquidity risk(continued)

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 and does not include statutory liabilities.

As of 31 March 2022	Total P	Less than 1 year P	Between 1 and 5 years P
Trade and other payables (excluding statutory liabilities)	78 080 959	78 080 959	-
Lease liability	2 818 627	978 301	1 840 326
Government advances	127 363 324	127 363 324	-
<b>As of 31 March 2021</b>			
Trade and other payables (excluding statutory liabilities)	67 941 951	67 941 951	-
Lease liability	3 246 743	1 951 154	1 295 589
Government advances	106 916 373	106 916 373	-



# Botswana Oil Limited Critical Accounting Estimates and Assumptions

For the year ended 31 March 2022

## 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 of 31 March	2022 (P)	2021 (P)
Investments (level 2)	7 592 131	4 750 886

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:

- Choosing appropriate models and assumptions for the measurement of ECL;
- 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 Notes to the Financial Statements

For the year ended 31 March 2022

	2022 P	2021 P
<b>1. Revenue</b>		
Sale of petroleum products	569,913,964	598,520,833
<b>2. Cost of sale</b>		
Finished goods	559,803,762	554,885,645
Inventory - (gain)/loss	23,710	95,335
Stock revaluation (gain)/loss	(542,180)	3,100,533
Slate(under)/ over recovery	(17,005,364)	1,474,337
Realised loss on forex	1,659,805	-
Unrealised loss on forex	691,090	-
	544,630,823	559,555,850
<b>3. Other operating income</b>		
Profit on disposal of assets	345,607	62,949
Management fee from replenishing strategic reserves	2,853,672	16,007,943
Tender fee	160,974	27,909
XTL reimbursement	9,396,773	18,393,790
Diseconomy refund 2020	2,307,894	-
HRDC claim trainings	-	435,201
Disposals of scraps	6,077	-
Pension refunds	4,854.66	-
	15,075,852	34,927,792
<b>4. Profit /(loss) from operations is stated after charging the following items:</b>		
Auditors' remuneration - audit fees	(328,938)	(428,973)
Advertising and marketing costs	(2,066,918)	(2,644,970)
Administration costs	(2,723,059)	(3,154,712)
Consultancy fees	(11,020,832)	(19,292,142)
Depreciation amortisation and impairment costs	(4,138,461)	(5,429,435)
Health safety security and environmental costs	(1,060,012)	(1,244,911)
ICT costs	(3,722,662)	(3,190,986)
Lease rental expense on low value leases	-	(980,033)
Professional costs	(819,607)	(792,255)
Training and travel costs	(2,609,561)	(1,226,469)
Utility costs	(1,253,999)	(1,145,012)
Employee costs include		
Salaries and allowances	(32,356,635)	(30,199,226)
Gratuity expense	(4,415,088)	(3,745,930)
Pension and severance expense	(1,866,286)	(1,892,206)
Leave costs	(1,227,378)	1,100,204
	(69,609,436)	(76,467,464)



# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

Note	2022 P	2021 P
<b>5. Finance income and costs</b>		
<b>Finance cost</b>		
Exchange loss - unrealised	-	(1,942,984)
Exchange loss - realised	(5,461)	-
Interest on lease liability	(135,758)	(263,713)
	(141,219)	(2,206,697)
<b>Finance income</b>		
Interest income	11,565,450	10,006,229
Exchange gains - unrealised	148,539	-
Exchange gains - realised	-	11,524
	11,713,989	10,017,753
<b>Net finance income</b>	11,572,770	7,811,056
<b>6 Income tax expense</b>		
Current income tax	-	-
	-	-
The entity is liable to income tax at the rate of 22%.		
<b>Reconciliation of accounting profit to income tax expense</b>		
Profit/(loss) before tax	(17,292,602)	9,218,453
Income tax @ 22%	(3,804,372)	2,028,060
Expenses not deductible for tax purposes	104,090	112,116
Income not subject to tax	-	(2,140,176)
Tax effect of unrecognised deferred tax asset	3,700,282	-
Tax charge for the year	-	-

# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

The company has brought forward tax losses of P90,946,854 (2021 :P102,278,989) to set off against any future taxable profits. 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 total amount of deferred tax asset not recognised at reporting date is P 22,890,743 (2021: P20,048,717).

TAX YEAR	LOSS FOR THE YEAR	LOSS UTILISED	LOSS FALLEN AWAY	LOSS C/FWD	FALLS AWAY IN TAX YEAR
2018	(52 430 668)	-	5 125 479	(80 979 722)	2023
2019	(31 555 650)	-	6 102 406	(106 432 966)	2024
2020	( 3 260 743)	-	7 414 720	(102 278 989)	2025
2021	-	11 332 135	-	(90 946 854)	2026
2022	(17 371 297)	-	8 825 272	(99 492 879)	2027





# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

	Building Porto cabins P	Plant & Equipment P	Motor Vehicles P	Furniture & Fittings P	IT Equipment P	Leasehold Improvements P	Office Equipment P	Total P
<b>7. Property plant &amp; equipment</b>								
<b>Year-ended 31 March 2021</b>								
At cost	360,293	318,799	2,595,330	2,814,457	3,127,103	2,039,035	143,074	11,398,091
Accumulated depreciation	(235,558)	(269,125)	(1,279,706)	(1,946,499)	(2,554,231)	(1,784,568)	(132,600)	(8,202,287)
<b>Net book value</b>	<b>124,735</b>	<b>49,674</b>	<b>1,315,624</b>	<b>867,958</b>	<b>572,872</b>	<b>254,467</b>	<b>10,474</b>	<b>3,195,804</b>
Opening net book amount	160,799	89,399	396,689	1,188,008	962,252	476,405	37,288	3,310,840
Additions	-	-	1,066,868	5,800	136,028	-	-	1,208,696
Disposals	-	-	(145,741)	-	(794,097)	-	(6,179)	(946,017)
Impairment of assets	-	-	-	(14,000)	-	-	-	(14,000)
Depreciation charge	(36,064)	(39,725)	(133,359)	(311,850)	(506,876)	(221,938)	(26,814)	(1,276,626)
Depreciation on disposals	-	-	131,167	-	775,565	-	6,179	912,911
<b>Closing net book value</b>	<b>124,735</b>	<b>49,674</b>	<b>1,315,624</b>	<b>867,958</b>	<b>572,872</b>	<b>254,467</b>	<b>10,474</b>	<b>3,195,804</b>
<b>Year-ended 31 March 2022</b>								
<b>At cost</b>	373,348	318,799	2,595,330	3,054,817	3,551,690	2,064,035	151,424	12,109,443
Accumulated depreciation	(271,732)	(280,730)	(1,546,423)	(2,248,330)	(2,870,777)	(1,995,049)	(149,446)	(9,362,487)
<b>Net book value</b>	<b>101,616</b>	<b>38,069</b>	<b>1,048,907</b>	<b>806,487</b>	<b>680,913</b>	<b>68,986</b>	<b>1,978</b>	<b>2,746,956</b>
Opening net book amount	124,735	49,674	1,315,624	867,958	572,872	254,467	10,474	3,195,804
Additions	13,055	-	-	226,360	532,572	25,000	8,350	805,337
Disposals	-	-	-	-	(107,985)	-	-	(107,985)
Impairment of assets	-	-	-	-	-	-	-	-
Depreciation charge	(36,174)	(11,605)	(266,717)	(287,831)	(376,383)	(210,481)	(16,846)	(1,206,037)
Depreciation on disposals	-	-	-	-	59,537	-	-	59,837
<b>Closing net book value</b>	<b>101,616</b>	<b>38,069</b>	<b>1,048,907</b>	<b>806,487</b>	<b>680,913</b>	<b>68,986</b>	<b>1,978</b>	<b>2,746,956</b>

There is no PPE with restricted title or pledged as security



# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

	Other Software P	SAP Oil in One P	Capital Work In Progress P	Total P
<b>8. Intangible assets</b>				
<b>Year-ended 31 March 2021</b>				
<b>At cost</b>	1,653,077	11,542,022	59,913	13,255,012
Accumulated depreciation	(1,334,146)	(8,936,940)	-	(10,271,086)
<b>Net book amount</b>	<b>318,931</b>	<b>2,605,082</b>	<b>59,913</b>	<b>2,983,926</b>
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	<b>318,931</b>	<b>2,605,082</b>	<b>59,913</b>	<b>2,983,926</b>
<b>Year-ended 31 March 2022</b>				
<b>At cost</b>	<b>589,699</b>	<b>11,084,633</b>	-	<b>11,674,332</b>
Accumulated depreciation	<b>(331,552)</b>	<b>(8,380,545)</b>	-	<b>(8,712,097)</b>
<b>Net book amount</b>	<b>258,147</b>	<b>2,704,088</b>	-	<b>2,962,235</b>
Opening net book amount	<b>318,931</b>	<b>2,605,082</b>	<b>59,913</b>	<b>2,983,926</b>
Additions	36,000	1,137,436	-	<b>1,173,436</b>
WIP capitalised	59,913	-	<b>(59,913)</b>	-
Disposals	(1,159,291)	(1,594,825)	-	<b>(2,754,116)</b>
Depreciation charge	(156,622)	(1,038,271)	-	<b>(1,194,893)</b>
Depreciation on disposals	1,159,216	1,594,666	-	<b>2,753,882</b>
Closing net book amount	<b>258,147</b>	<b>2,704,088</b>	-	<b>2,962,235</b>

SAP Oil in One ERP had a carrying amount of P2 704 088 at the reporting date with a remaining amortisation period of four (4) years.

# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

	2022 P	2021 P		
<b>9 Right of use assets</b>				
<b>At cost</b>	3,055,299	7,053,805		
Accumulated depreciation	(261,883)	(4,157,916)		
<b>Net book amount</b>	<b>2,793,416</b>	<b>2,895,889</b>		
Reconciliation of the right of use asset				
Opening balance NBV	2,895,889	4,974,847		
Additions	3,055,299	-		
Disposal	(1,420,241)	-		
Depreciation charge	(1,737,531)	(2,078,958)		
Closing net book value	<b>2,793,416</b>	<b>2,895,889</b>		
There is no right of use assets with restricted title and or pledged as a security				
<b>10 Inventories</b>				
Fuel inventory	15,093,202	912,874		
Fuel supplies in transit	5,254,942	12,994,004		
	<b>20,348,144</b>	<b>13,906,878</b>		
	<b>2022</b>	<b>2021</b>		
	<b>Qty in Litres</b>	<b>P</b>	<b>Qty in Litres</b>	<b>P</b>
Reconciliation of stock movement				
Opening Stock	138,854	912,874	899,973	3,918,839
Sales	(63,812,946)	(544,630,823)	(112,836,046)	(559,555,850)
Receipts	65,083,065	555,471,036	95,833,593	475,240,398
Drawdown	2,291,192	26,170,188	18,744,964	91,355,373
Tank losses	(2,678)	(22,856)	(6,891)	(34,173)
Loan payment	(2,384,960)	(22,807,217)	(2,496,738)	(10,011,713)
Stock in transit	445,370	5,254,942	-	12,994,004
Closing Stock	<b>1,757,897</b>	<b>20,348,144</b>	<b>138,855</b>	<b>13,906,878</b>
<b>11. Trade and other receivables</b>				
Trade receivables	24,242,144	6,805,190		
Loss allowance	-	(385,071)		
Trade receivables at amortised cost	<b>24,242,144</b>	<b>6,420,119</b>		
Withholding tax receivables	2,808,812	1,707,093		
Value added tax receivable	1,474,619	1,265,968		
Related party debtors	20,166,358	22,675,520		
Other receivables	5,939,384	2,140,609		
	<b>30,389,173</b>	<b>27,789,190</b>		
	<b>54,631,317</b>	<b>34,209,309</b>		



# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

Expected credit loss rate	2022	2022	2021	2021
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
	P	P	P	P
Less than 30 days past due - 0.6% (2021:0%)	23,038,157	-	6,422,553	2,434
31- 60 days past due -1.1% (2021: 1.5%)	1,189,968	-	-	-
61- 90 days past due - 2.7% (2021: 30%)	14,019	-	-	-
91- 120 days past due 0% (2021: 25%)	-	-	-	-
121- 150 days past due - 0% (2021: 29.5%)	-	-	-	-
More than 151 days past due - 100% (2021: 100%)	-	-	382,637	382,637
<b>Total</b>	<b>24,242,144</b>	<b>-</b>	<b>6,805,190</b>	<b>385,071</b>

Reconciliation of loss allowances

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

	2022	2021
Balance at the beginning of the year	385,071	4,367,157
Reversal raised during the year	(385,071)	(3,982,086)
Closing balance	-	385,071
<b>12 Investments</b>		
Fixed Deposit Investment	<b>186,630,174</b>	<b>203,546,127</b>
Employees gratuity invested at Botswana Insurance Fund Management (BIFM)	7,592,131	4,750,886
	194,222,305	208,297,013
<b>Reconciliation of BIFM fund</b>		
Balance at the beginning of the year	4,750,886	4,217,737
Additional investment during the year	4,431,802	3,729,216
Withdrawals	(1,820,585)	(3,358,452)
Net interest earned	230,028	162,385
Balance at end of year	7,592,131	4,750,886

# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

	2022	2021
	P	P
<b>13. Cash and cash equivalents</b>		
Cash at Bank	76,461,887	98,936,328
Cash in Hand	3,890	898
Balance at end of year	<b>76,465,777</b>	<b>98,937,226</b>
<b>14 Stated and issued capital</b>		
123 127 938 (2021: 123 127 938) fully paid authorised and issued ordinary shares of P0.92 each	113,127,939	113,127,939
<b>15 Capital Reserves</b>		
Capital reserves represents cash received from the shareholder through Security of Supply Margin ("SSM") fund to the value of P156,669,319 (2021:P156,669,319) for working capital purposes. As there is no requirement for BOL to issue any shares exchange for the funds received and there is no contractual obligation on BOL to repay these funds to the Government, the presentation and disclosures is treated as capital reserves 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.		
<b>16 Lease liability</b>		
Lease liability	2,818,627	3,246,743
Non- current liability	1,930,180	1,341,951
Interest on non current lease liability	(89,854)	(46,362)
	1,840,326	1,295,589
Current Liabilities	1,102,961	2,087,324
Interest on current lease liability	(124,660)	(136,170)
	978,301	1,951,154
Movement in lease liability		
Balance at the beginning of the year	3,246,743	5,266,842
Additional liability	3,055,299	-
Cancellation of lease	(1,745,158)	-
Lease rental expense	(1,874,015)	(2,283,812)
Interest on lease liability	135,758	263,713
Balance at end of year	2,818,627	3,246,743

The entity entered into a commercial lease on office premises. The lease period is three years with an option to renew. Future minimum rentals payable under non - cancellable leases as at year end are as stated above. In October 2021 BOL cancelled the lease for office rental with Peelo as the offices were not in use.



# Botswana Oil Limited

## Notes to the Financial Statements Continued

For the year ended 31 March 2022

### 17 Shareholder's Product Loan

Product loan	-	16,018,512
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### 17.1 Product loan

The movement of the product loan is reflected below:

	2022		2021	
	Qty in Litres	P	Qty in Litres	P
Balance as at beginning of year	2,384,964	16,018,512	4,881,702	23,340,984
Utilisation by BOL	15,839,397	136,258,600	16,248,226	67,524,820
Replenishment to the strategic reserves	(18,224,361)	(157,031,658)	(18,744,964)	(75,886,309)
Measurement adjustment to cost of sales	-	4,754,546	-	1,039,017
Balance at the end of the year	-	-	<b>2,384,964</b>	<b>16,018,512</b>

The measurement adjustment at each month-end resulted in a loss of P4,754,546 (2021: P1,039,017) 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 Minerals and Energy (MME) 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.

### 18. Government advances

	2022 P	2021 P
Government advance - Strategic Reserves Procurement	55,482,804	66,092,088
Government advance - Depot Projects and Maintenance	71,880,520	40,824,285
	<b>127,363,324</b>	<b>106,916,373</b>

	2022		2021	
	Strategic Reserves Procurement P	Depot Maintenance and Govt Projects P	Strategic Reserves Procurement P	Depot Maintenance and Govt Projects P
Balance at the beginning of the year	66,092,088	40,824,285	113,907,828	38,046,692
Utilisation	(36,950,143)	(39,532,589)	(47,815,740)	(16,262,764)
Cash injection	26,340,859	70,588,824	-	19,040,357
Balance at the end of the year	55,482,804	71,880,520	66,092,088	40,824,285

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.

# Botswana Oil Limited

## Notes to the Financial Statements Continued

For the year ended 31 March 2022

### 18. Government advances(continued)

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.

### 19. Trade and other payables

	2022	2021
Trade payables	62,075,358	61,230,750
Other payables		
-Accruals	2,844,649	2,567,079
-Payroll accruals	12,005,352	7,388,495
-Other	2,165,179	4,867,830
	<b>79,090,538</b>	<b>76,054,154</b>

### 20. 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:

	2022	2021
Trade and other receivables (measured at amortised cost)	50,347,886	31,236,248
Cash and cash equivalents (measured at amortised cost)	76,465,777	98,937,226
Investments (designated at fair value)	192,222,305	208,297,013
	<b>321,035,968</b>	<b>338,470,487</b>

### 21. 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:

	2022	2021
Trade and other payables (measured at amortised cost)	66,075,607	67,941,951
Lease liability (measured at amortised cost)	2,818,627	3,246,743
	<b>68,894,234</b>	<b>71,188,694</b>

### 22. Related party balances and transactions

The entity has availed the exemption under Para 25 of IAS 24: Related Party Disclosures, from the disclosure requirements in relation to related party transactions and outstanding balances. Botswana Oil Limited is wholly owned 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 17 and note 18 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.



# Botswana Oil Limited Notes to the Financial Statements Continued

For the year ended 31 March 2022

## 22. Related party balances and transactions(continued)

	2022 P	2021 P
<b>Details of transactions during the year:</b>		
Sales of fuel to government departments	12,048,113	7,565,137
<b>Details of balances at the year end date:</b>		
Amounts receivable from government owned entities	20,166,358	22,675,520
Amounts payable to government owned entities	127,363,324	122,934,885
<b>Key Management Personnel</b>		
<b>Directors Emoluments</b>		
For services as directors	334,500	246,750
Executive management	7,146,215	7,245,257
<b>Year end payable balances</b>		
Gratuity payable	7,581,277	4,046,835

## 23. Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company had losses of P17,292,602 in the current year. The Company has incurred accumulated losses of P124,899,597 as of 31 March 2022. Cash flows used in operations totalled P64,805,647 for the year ended 31 March 2022.

The Company has identified a number of measures available to improve its business continuity and these include the following:

- Cost saving measures, which can be implemented to reduce variable costs and increase efficiency;
- To continue investing up to 80% of cash in hand so as to maximise interest earned;
- Continue the use of alternative routes like Namibia and Mozambique to source fuel incase of disruptions in South Africa
- Guaranteed stakeholder support through the Security of Supply Margin fund to help finance its stock procurement costs.

Management acknowledges that the current performance raises substantial doubt about the Company's ability to continue as a going concern within the next twelve months after the reporting date. However, through their assessment of their 5-year strategic plan after acquiring the 25% import mandate license the position of the company will change. Budgets and plans are in place to re-assure management of the going concern of the company.

## 24. 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 contingent liabilities and assets as at the end of 31 March 2022.

## 25. Events after reporting period

The directors are not aware of any material events 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.

# Notes









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*Your Fuel. Your Future*

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