



Creating a
Sustainable
Petroleum Value
Chain

Annual
Report 2022/23

Corporate Profile

Mission

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

Vision

To be a leader in the oil and gas industry.

Values



Integrity

We are honest with ourselves and others. We meet the highest ethical standards in all our business dealings. We do what we say and always keep our word. We accept responsibility and hold ourselves accountable for our work and our actions. We encourage a culture of zero tolerance to fraud and corruption and are responsible corporate citizens.



Teamwork

We treat each other with respect and communicate openly. We foster collaboration while encouraging individual contribution and responsibility. We encourage the best ideas to surface from anywhere within the organisation. We appreciate the value of multiple perspectives and aim for a values-driven culture based on integrity, respect, and teamwork.



Continuous Improvement

We are committed to excellence in everything we do and continually strive to improve across the organisation. We are passionate about achieving results that exceed expectations – our own and those of others. We drive for positive results with energy and a sense of urgency. We seek new opportunities and out-of-the-ordinary solutions. We use our creativity to find unexpected and practical ways to solve problems. Our experience, technology and perseverance enable us to overcome challenges and deliver value.



Commercial Excellence

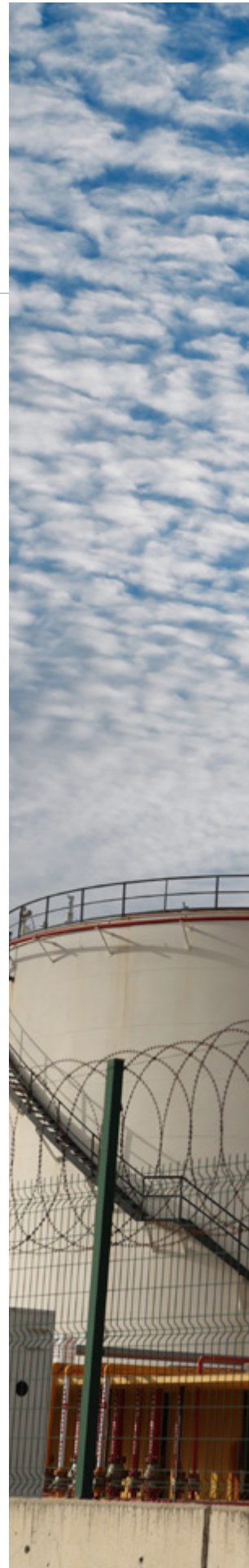
We are committed to fostering a business mindset within the organisation that promotes profitability, efficiency, and the implementation of best practice business processes.

We have an unwavering commitment to being a good corporate partner focused on building productive, collaborative, trusting, and beneficial relationships with government, other companies, our customers and our communities.



Social Responsibility

We endeavour to create a clean, safe, and healthy workplace and environment. All aspects of our business are managed in a safe and environmentally responsible manner in accordance with statutory requirements. We endeavour to actively contribute to the society in which we operate, run the Company operations in an environmentally friendly and sustainable manner in accordance with statutory requirements.





Botswana Oil Business Model

Botswana Oil Limited is a company incorporated under the Companies Act of Botswana. It is wholly owned by the Botswana Government, represented by the Ministry of Minerals and Energy (MME). The Company functions under defined governance and operating principles to inform and guide its operations.

It was established to achieve the Botswana Government's economic objectives of ensuring security of fuel supply and facilitating active citizen involvement in the petroleum industry. As the National Oil Company of Botswana, BOL serves as the Government's transformation agent charged with the responsibility to provide petroleum products to drive economic activity in the country.

The Company is mandated to:

- Ensure the security and efficiency of supply and distribution of Petroleum products in Botswana
- Manage and maintain Government owned strategic storage facilities and strategic stocks
- Ensure meaningful participation of Citizen Owned Oil Companies in the petroleum industry

The company operates a willing buyer, willing seller model which gets resistance to commitment to contracts on the part of International Oil Companies and Citizen Owned Oil Companies. As a result, BOL has adopted a cost optimal model of petroleum supply into Botswana. The model is envisaged to ensure that volumes sourced from Namibia are delivered and consumed in the western corridor of Botswana, volumes sourced from South Africa are consumed in the southern part of Botswana while volumes sourced from Mozambique are delivered and consumed in the northern part of Botswana.

Botswana volumes are estimated to be consumed at various percentages across the three consumption envelopes as described above, the southern consumption envelope 57%, northern consumption envelope 35% while the western consumption envelope is estimated to consume about 8% of the country demand per month. The ultimate objective is for Botswana to source these volumes from Namibia, Mozambique, and South Africa cost effectively.

Citizen Facilitation

BOL procures petroleum products and services through some Citizen Owned Oil Companies (COOCs). It is done through different means including open or closed tenders or request for quotations as guided by the procurement policy of BOL. The Company also targets citizens for transportation of products as a way of ensuring capacity building and facilitating citizen participation in the oil and gas industry.

When sourcing petroleum products, BOL is influenced by price competitiveness of products as the fuel market is regulated and any procurement above the guiding regulated pricing structure mean a loss to the business. Health, Safety, Security and Environment (HSSEQ) measures are critical requirements of doing business in the industry, therefore to ensure the Health, Safety, Security and protection of stakeholders and the environment while doing business the teams pay specific attention to;

- Bulk Vehicle compliance inspections
- Bulk Vehicles Operators compliance
- Contract Management
- Incidents Reporting and Management

Sale of Fuel Products

Since its formative years, BOL has been open for sale of petroleum products to support local Oil Marketing Companies (OMCs) in ensuring a continuous and undisrupted supply of petroleum products to the Botswana economy. The Company sells fuel product to OMCs registered and operating in Botswana, in a structured approach based on pre-planning and signed off commitments.

Although BOL continues to support OMCs that buy on a planned and structured way, the Company is committed to facilitate sales to OMCs during a supply disruption or crisis.

Botswana Oil is focused on achieving profitable and sustainable growth across the newly established routes, the ongoing strategic projects and those that are yet to be commissioned. As a business the Company constantly engages with various stakeholders both locally and internationally leading to creation of opportunities for sustainable profitable growth across the new business ventures identified throughout the country.

Part of our strategic focus and business model is to continue with collaborations on development and implementation of major projects aimed at increasing security of fuel supply, diversifying our products and sources of supply through public, private partnerships.

This will in turn enable us to focus on futuristic developments to increase the asset base, with reduced cost of procuring product. In addition there are prospects to producing product locally and creating long term and sustainable fuel and gas industry value chain.

2022-2023 Synopsis



Highlights

The year was filled with great success and landmark achievements were realised.

Successful review of Corporate Strategy to align with business needs and industry trends

Commencement of capital projects in Francistown and Ghanzi



Good Corporate Governance



Awarded 50% import mandate license

Staff complement increase from 56 to 99 employees



Overall sales volume of 187 million litres



Achieved astounding
P2,6 billion
in revenue and
P99,026 million
profit



Attained the **P8,5 billion**
Debswana Citizen Economic
Empowerment Program
(CEEP) Contract



Positive Health Safety,
Security, Environment,
Quality and Risk (HSSEQ
& R) performance and
commitment to Goal Zero

Strategic Focus



Botswana Oil Limited aims to meet its strategic objectives by ensuring:

- Procurement and securing of fuel supplies on behalf of the Botswana Government;
- Optimal management of the Government's strategic fuel stocks;
- Establishing alternative supply routes to mitigate risks associated with single source supply;
- Development of opportunities to leverage fuel storage facilities to generate income.
- Provision of product to the market to ensure continuous national fuel supplies.
- Development of strategic partnerships with international and regional stakeholders in the oil and gas industry.
- Wholesale distribution of petroleum products.





Key Strategic Objectives

During the financial year (FY) 2022/23, the petroleum industry faced significant challenges owing largely to the Russia-Ukraine conflict. This resulted in scarcity of petroleum products, leading to a sharp increase in oil prices, reaching a historic high of \$124 per barrel. To meet the demand and reduce the risk of fuel shortage, BOL sought alternative routes of fuel supply, incurring higher costs that exceeded the regulated prices.

Performance Analysis

An assessment of key result areas per the approved corporate scorecard strategic pillars for the 2022/23 FY was conducted and the results are as follows:



Results Perspective

Optimal Strategic Stocks

The increase in volumes during the global and regional supply challenges contributed to a reduction in days cover from 12.7 days on average for the year against a target of 15 days cover. However, BOL prioritized product sourcing planning to meet customer demands to mitigate performance from becoming below par.

Optimal Diversified Sources of Supply

Out of a total of 189,356,608 litres procured 62,663,127 litres (32%) having been sourced through alternative routes, from Namibia and Mozambique.

Local & Citizen Companies Participation

Local participation by citizen companies exceeded total project value targets set throughout the year. Key to the performance in this strategic objective is attributable to award of three major projects to 100% citizen owned companies.



Financial Perspective

Gross Margin Growth

The company achieved very good margins in the 1st quarter from using the Namibian route as an alternative route for supply where price movements were favourable for the business. The increased volumes also gave BOL a competitive advantage of negotiating better margins.

Profitability

The company recorded a profit above budget, the profit achieved was P99 million vs a budgeted loss of P9 million due to good gross margins, depot management fees recovery and good returns on interest income. Overall, company costs were 2% below budget for the period under review.

Customer & Stakeholder Perspective

The Customers & Stakeholder previous Surveys were not conducted this reporting period. Instead, management focused on the implementation of recommendations and action plan from the previous surveys to meet customer and stakeholder needs and requirements for improved satisfaction.

Compliance to Customer & Stakeholder Engagement Plan

There was significant compliance in implementation of the approved customer and stakeholder engagement plan. Due to other competing needs in the business, some engagements were deferred while others were implemented.

Citizen Facilitation

The measure of citizen facilitation focuses on the company's market share of Citizen Owned Oil Companies (COOCs). The baseline for market share was set at 10%, with a target of 15%. The actual market share achieved for the year is 26%, surpassing the target by 11%. This indicates a strong performance in attracting and retaining COOC customers.

The average weighted score for the customer perspective is 100%. However, it is important to note that in the next financial year a stakeholder satisfaction and customer satisfaction survey will be conducted. This is to gauge feedback from BOL's customers and stakeholders to determine their level of satisfaction and identify areas for improvement.



Key Strategic Objectives (Cont.)

Internal Process Perspective

Responsive Customer Service

Percentage compliance with service standards is work in progress as the service standards are currently under review to align with business needs.

Storage Infrastructure Management

Depot Maintenance Management Plans were implemented effectively resulting in very minimal breakdowns and therefore high availability of critical equipment.

Process Efficiencies

An average score of 88% has been achieved for the ICT strategic initiatives as per the ICT roadmap. Initiatives under this strategic objective have progressed well. These includes support to companywide projects including - Implementation of ICT Security Framework Recommendations, S4 HANA – Stabilization, ICT Systems provisioning for Debswana Project, Human Capital and Management (HCM) & Payroll System and Financial Reporting Solution, among others.

Delivery of Projects

The progress on Francistown Depot Expansion, Tshele Hills Depot, Ghanzi Depot, XTL Projects are on time and within cost. Overall performance generally needs improvement to ensure effective delivery and cost management

New Ventures / Business development

The Project Initiation Document (PID) was completed for the Government Fleet Management (GFM) formerly Central Transport Organisation (CTO) Project. A request for Proposal (RFP) was developed and issued to the market for integrity assessment. The work is being done in conjunction with the local universities and institutions. This include Botswana Institute for Technology Research and Innovation (BITRI) and University of Botswana (UB). Significant progress was

achieved on aviation fuel business with stakeholder engagements ongoing among Puma Energy, Civil Aviation Authority of Botswana (CAAB), Ministry of Minerals and Energy, Ministry of Transport and Communications and BOL.

Governance, Risk, and Compliance

Measures in this area displayed various performance against their targets, with scores ranging from 90% to 100%, indicating effective governance and risk management. The audit opinion remained 'unqualified', which is a positive outcome.

Health, Safety, Security, Environment, and Quality

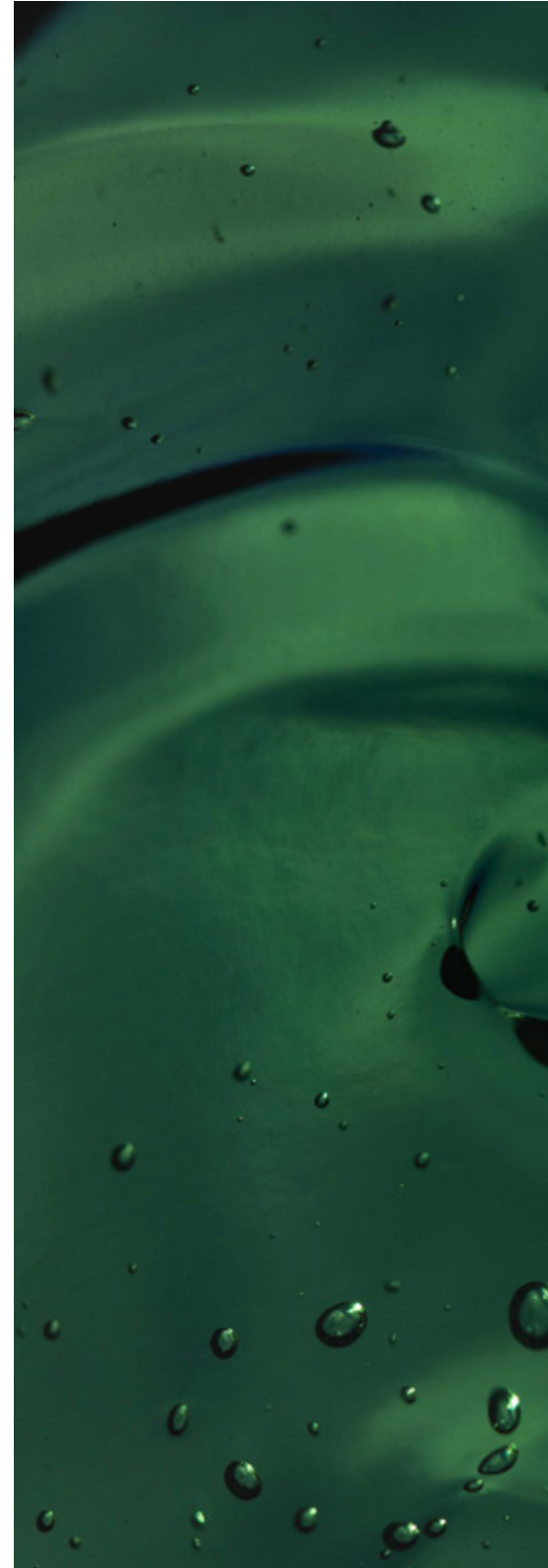
All set measures met or exceeded their targets, demonstrating a strong performance in this area, with all scores at 100%.

Learning & Growth Perspective

The Employee Engagement Index was measured to be 76%, which exceeds the target of 60%. This indicates strong performance in this area. The coverage of strategic skills was measured to be 100%, which is well above the target of 70%. This represents a strong performance in this strategic objective.

Overall Performance

The overall performance of BOL, as reflected in the Balanced Scorecard perspectives, demonstrates a strong execution of the strategic initiatives. It is worth noting that there is need to closely monitor project execution, particularly strategic projects, for improved performance. To this end, there is generally balanced performance across all perspectives which is indicative of a well-rounded strategy execution.





Achievements and key milestones

The 2022-2023 financial year was a year full of many changes within Botswana Oil from a strategic and operational perspective. There were some remarkable achievements which turned around the business fortunes and landmark milestones accomplished.

Groundbreaking ceremony for the Francistown depot expansion project was held in 2022 and the project is well under way and making good progress. Once complete, this facility will provide an additional capacity of 60 million litres of fuel storage and will enable Botswana Oil to improve supply of our products to drive economic activity in the Northern part of the country.

One of the most significant milestones is the partnership with Debswana introduced in August 2022 on the delivery of Botswana's biggest Citizen Economic Empowerment Program (CEEP) project which involves the use of citizen transporters to supply Debswana Mines with fuels. It is a five-year long-term project valued at P8 billion for the duration of the contract.

In addition, the business has grown in revenue to P2,6 billion in the last financial year, with volumes rising to 187million litres supplied in the just ended financial year of 2022/2033. It is commendable that the dedication and tenacity of the team resulted in business growth and turning a profit in the last financial year, after some years of losses.

Oil & Gas Value Chain



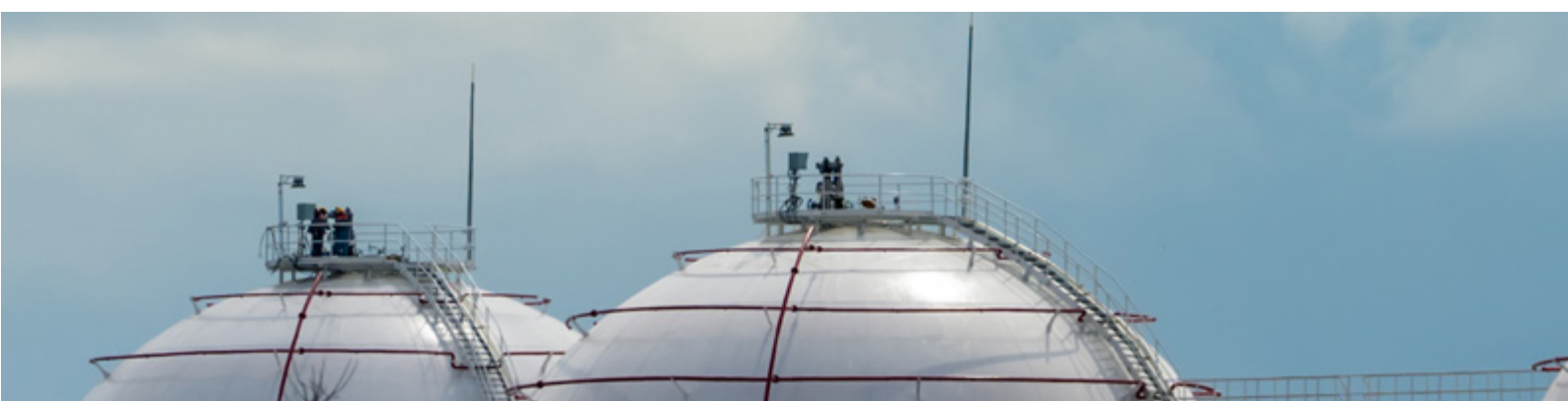
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Midstream, Downstream and upstream operations

Botswana Oil to position itself to have a role in end-to-end oil and gas value chain and ownership of reserves. This could also include bulk supply sales in other countries.

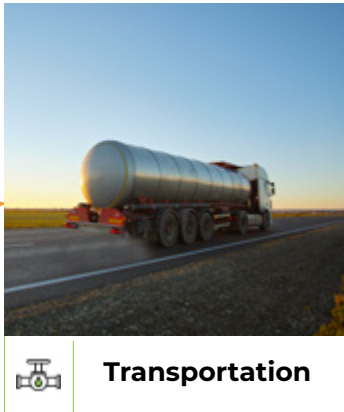
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Midstream, Downstream and operations

Botswana Oil to position itself to have a role in bulk supply sales in other countries. It may also participate in the retail sector in Botswana and other countries.



One of the strategic initiatives that BOL has embarked on is to adopt an ESG and Sustainability Strategy that will ensure that the Company reduces its carbon footprint emissions through its Goal Zero Target which emphasizes: No harm to our people, environment, and assets.

The Company's value chain includes partnerships and collaborations at various stages and levels of its eco system.



Downstream



Scenario 1

Scenario 2

Scenario 3

Current Focus: Downstream operations

1

Botswana Oil to serve as primary distribution channels to wholesale market in Botswana or other countries in the region.





**In addition there
are other key
stakeholders
that significantly
contribute to the
operations and
fluidity of the value
chain and these
include;**



Suppliers

Botswana Oil collaborates with international fuel suppliers to secure and import a consistent supply of petroleum products. These include Sasol, Petro SA, Namcor, Trafigura and other regional and international suppliers .



Importation

The imported product is stored across the country in Botswana Oil depots in Gaborone and Francistown. All petroleum products in Botswana are transported through road and railway networks across the country from South Africa, Namibia and Mozambique.



Whole sale bulk commercial

Botswana Oil plays a central role in supporting wholesale distribution, offering petroleum products to international oil companies operating locally, Citizen Owned Oil Companies including other wholesalers and distributors. This ensures a robust supply network across the country.



Bulk Commercial Buyers

The bulk commercial segment serves organizations with sizeable vehicle fleets, facilities or operations, such as Debswana and move volumes through citizen transporters. These entities purchase petroleum products in bulk from Botswana Oil to fulfil their business needs.



End Consumers - Retail Distribution

Botswana Oil sells refined petroleum products that reach end consumers through a network of oil marketing companies to filling stations strategically located throughout the country. Retailers, including citizen owned oil companies and international oil companies guarantee widespread access for every consumer.

The Botswana Energy Regulatory Authority (BERA) is Botswana's regulatory body which determines the cost of petroleum products throughout the value chain and constantly updates the pricing model (slate) as well as the price for all the oil and gas products imported into the country.

Corporate Governance

In its ongoing commitment to improve governance and compliance practices, Botswana Oil Limited has reinforced its governance framework, risk management procedures, and core operations by adopting The King IV Code on Corporate Governance, in conjunction with guidance from the Companies Act, as amended. These regulatory foundations form the bedrock of Botswana Oil Limited's corporate governance philosophy. The King IV Code emphasizes integrated thinking and recognizes the interplay of factors influencing the organization's capacity to generate short-term, medium-term, and long-term value.

In alignment with this Code, Botswana Oil Limited's Board is composed of one Executive Director and seven Non-Executive Directors, as detailed in the Director's profiles. This composition ensures a clear division of responsibilities between the Executive and Non-Executive functions.

Being a Company wholly owned by the Botswana Government, the appointment of the Board Members falls under the purview of the Shareholder, facilitated through the Ministry of Minerals and Energy. The selection of Board Members considers their specific areas of expertise, experience, and their potential to make meaningful contributions to the company's operations. The current Board exhibits a well-balanced blend of expertise, skills, knowledge, and experience, fulfilling these requirements.



Board Meetings

In fulfilling its overarching duty and responsibility for both the current achievements and long-term viability, the Board ensures the strategic functioning of BOL and sets the direction of good corporate governance through regular meetings convened throughout the year. The Board in other instances, delegates specific responsibilities to its Directors, Board Committees and Executive Management. Nevertheless, it retains ultimate responsibility for oversight of the strategic direction of the Company.

During the period under examination, the Board convened four (4) ordinary meetings and nine (9) special meetings.

Delegation

The Board Charter and Constitution serve as guiding documents that outline both the responsibilities reserved for the Board's determination and those entrusted to its committees and management. To ensure the continued appropriateness of this division of functions, regular reviews are conducted. Each Board and Management Committee operates according to predefined written terms of reference, which are subject to periodic revision and updating.

In the spirit of transparency and accountability, the Chairperson of each Board Committee provides reports to the full Board regarding the proceedings and discussions held during Committee meetings, at each Board meeting. The Board is confident that the delegation of authorities, as outlined in the Board Governance Framework, contributes significantly to clarifying roles and facilitating the effective exercise of authority.

The Board relies on four distinct committees to carry out their delegated duties. These committees are the Board Tender Committee (BTC), Finance, Audit, and Risk Committee (FARC), Human Resources Committee (HRC), and the Governance Committee. The composition of these committees is detailed as follows:

Committee	Board Tender Committee	Finance Audit and Risk Committee FARC	Governance Committee	Human Resources Committee
Objective	<p>The Committee's primary responsibilities include:</p> <ul style="list-style-type: none"> a. Adjudication and approval of tenders in accordance with the Procurement Policy and the delegation of Authority Matrix; b. Ensure that procurement process is geared to maintain high quality standards in the award of tenders and commensurate with the objectives of the Company; c. Approve acquisitions and disposals in line with the delegation of Authority Matrix; 	<p>The FARC primarily assists the Board :</p> <ul style="list-style-type: none"> a. Carry out its duties based on the Corporation's accounting policies, risk management initiatives, internal controls and accepted financial practices. b. Provides independent oversight of effectiveness of assurance functions, integrity of annual financial statements; c. Oversees corporate risk management, compliance with the corporate policy, laws and regulations, to the Board. 	<p>The Committee has oversight on the following among others:</p> <ul style="list-style-type: none"> a. Corporate governance practices, principles, guidelines and related policies. b. Matters relating to integrity and ethics; c. Composition, induction and evaluation of the Board and Committees; 	<p>The Committee's primary responsibilities include:</p> <ul style="list-style-type: none"> a. 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. b. Recommend the appropriate remuneration policies that will promote the achievement of strategic objectives and encourage individual performance;



Committee	Board Tender Committee	Finance Audit and Risk Committee FARC	Governance Committee	Human Resources Committee
Objective	<p>d. Approve recommendations to suspended or de-listed companies from the approved suppliers' database or blacklisted companies from participating in future BOL business.</p> <p>e. Adjudicate on appeals against decisions of the Management Tender Committee.</p>	<p>d. It reviews budgets and the annual financial reports with Management before consideration and approval by the Board.</p>	<p>d. Shareholder agreement and other shareholder requirements;</p> <p>e. Health, Safety, Security and Quality environmental management policies and practices;</p>	<p>c. To provide oversight on the implementation of the Human Resource Strategy on the general pay environment and incentives schemes to ensure attraction and retention of staff for superior business performance.</p>
Composition	<p>It 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.</p> <p>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.</p>	<p>Comprises three independent members, two being non-executive directors of the Board and one external individual with the requisite specialised skills.</p> <p>One of the non-executive members is nominated as Chairman.</p>	<p>It comprises three members, three being non-executive directors, prescribed officers and an external professional where required.</p> <p>One of the non-executive members is nominated as Chairman.</p>	<p>Comprises three independent members, two being non-executive directors of the Board and one external individual with the requisite specialised skills.</p> <p>One of the non-executive members is nominated as Chairman.</p>
Sittings	<p>The Committee meets as and when there are tender issues for its consideration.</p>	<p>The Committee meets at least quarterly.</p>	<p>The Committee meets at least quarterly.</p>	<p>The Committee meets at least quarterly.</p>
Meetings held for the Reporting Period	<p>During the year under review, the Committee convened 5 meetings</p>	<p>During the year under review, the Committee convened 4 ordinary meetings and 1 special meeting.</p>	<p>During the year under review, the Committee convened 4 ordinary meetings .</p>	<p>During the year under review, the Committee convened 4 ordinary meetings and 1 special meeting</p>
Membership	<p>K. Matswiri M. M.Motshewa Adv.P. Batshabile</p>	<p>S. Botlhole- Mmopi K. Matswiri A.T. Khunwana(Additional Member)</p>	<p>J.Mookodi N.Mothebe Adv. P. Batshabile</p>	<p>M. Sibanda J. Mookodi G. Kootlole (Additional Member)</p>

Pursuant to the re-enactment of the Public Procurement Act in 2021, the Board Tender Committee was dissolved effective 14 July 2022, to align to section 41 of the Act which gives the Accounting Officer (Chief Executive Officer) rights to approve all procurements for the organization.

Board Secretariat

The Board Secretariat plays a pivotal role within the organization, serving as a key liaison between the Board and various crucial functions. This role encompasses several responsibilities, including acting as a central repository of information and offering guidance to the Board on its obligations and roles. Additionally, the Board Secretary ensures adherence to sound corporate governance principles and compliance with established procedures, as well as relevant statutes and regulations.

At Botswana Oil Limited, Ms. Latelang Chakalisa serves as the Board Secretary. All directors enjoy unrestricted access to the support provided by the Board Secretary in all facets of the Board's mandate. Furthermore, as part of the annual Board evaluation process, a comprehensive assessment of the Board Secretariat performance is conducted to ensure the effectiveness of this critical role within the organization.

Board Evaluation

To uphold the highest standards of Corporate Governance, Botswana Oil Limited's (BOL) Board conducts board and individual evaluations to assess the overall effectiveness of the Board, its committees, and individual directors. The primary goal of these evaluations is to gauge the performance, efficiency, and effectiveness of the Board and identify areas for improvement and development.

A formal Board Evaluation exercise was conducted for the financial year 2022-2023 on its current membership during this reporting period. To ensure objectivity in the evaluation process, an independent service provider was engaged.

The objective was to assess the Board's performance and effectiveness against the requirements of King IV Code on Corporate Governance. The following key areas were assessed:

- Governance, performance and effectiveness of the Board and its Committees
- Performance and effectiveness of the Board Chairperson
- Performance and effectiveness of individual Directors
- Performance and effectiveness of the Board Secretary
- Judgement, skills, competence, contribution, and participation in meetings by the Directors

The results indicated that the BOL Board and Board Secretariat performed relatively well against the governance attributes that were assessed.

Induction

An induction process for new directors is in place and focuses on the Company's culture and business operations. New directors receive documents and training on Board governance, including the Constitution, the Board Charter, and the Committee Terms of Reference.

Members' Declaration of Interest

In the spirit of encouraging good ethical practice and transparency, members declare their interests at every meeting in relation to the matters before them for their decision. Board members further declare interests annually to ensure compliance with good ethical practices.



Board Remuneration

The rates of remuneration for the Board members are established by the Botswana Government. The Minister of Minerals and Energy assigns the fees for members of the Botswana Oil Limited (BOL) Board. During the reporting year, the applicable rates per sitting were as follows: P2,250 for the Board Chairman and P1,800 for non-executive members of the Board. These same remuneration rates were also applied to sittings of the various Board Committees. This sitting allowance only started October 2022 hence the difference in the fees paid against the number of engagements.

Below is the meeting attendance and fees paid for the reporting period:

	Main Board	BTC	FARC	Human Resource Committee	Governance Committee	Other Engagements	Total Fees Paid
M.M. Makgatlhe (Chair)	13/13	-	-	-	-	28	92,250
Government of Botswana for attendance by N.Z. Mothebe	11/13	-	-	-	3/4	8	34,200
K.G. Matswiri*	12/13	5/5*	5/5	-	-	16	70,650
Adv. O. P. Batshabile	12/13	5/5		-	4/4	9	54,000
C.S. Botlhole- Mmopi *	10/13	-	5/5*	-	-	9	45,450
M. Sibanda*	13/13	-	-	8/8*	-	9	58,050
J.M. Mookodi*	12/13	-	-	8/8	4/4*	13	68,850
M. Tshekedi	12/13	-	-	-	-	-	-
A.T. Khunwana	-	-	4/5	-	-	-	7,200
G. Kootlole	-	-	-	7/8	-	10	30,600
M.Moremi-Motshewa	-	5/5	-	-	-	-	9,000
TOTAL PAID	151,650	29,250	27,450	45,000	19,800	178,650	470,250
Additional Fees Paid- Ms Christophine Ofentse Sitting for 2019-2021							43,200
					GRAND TOTAL		P513,450

NOTE:

There were 4 Board sessions and 9 special meetings held in the reporting period.

Sitting allowance fees were remitted to the Government of Botswana for N.Z. Mothebe's attendance effective October 2022, leading to the disparity in fees paid in relation to the number of engagements.

*Committee Chair

The Board participated in multiple engagements which were necessitated by BOL's import mandate readiness strategy, oversight on key infrastructure construction projects and key roadshows and stakeholder engagements for the XTL (Coal to Liquids) project.

‘Reporting to the Shareholder’

To manage the relationship between BOL and the Government as the Shareholder, there is a Shareholder Compact designed to enhance Shareholder oversight and governance of Botswana Oil Limited through an effective relationship between BOL and the Shareholder. In line with the Shareholder Compact and to ensure oversight by the Shareholder, Management provides reports and updates through regular engagements with the Ministry of Minerals and Energy including the Department of Energy.

Furthermore, as part of the broader reporting activities to the Ministry, quarterly briefings are conducted to Office of the President, other Ministries, and other Independent Government Departments. These briefings serve as a comprehensive update and ensure alignment and delivery on the broader objectives as set out in the Transitional National Development Plan.

Statutory Reporting Requirements

In terms of the provisions of the Companies’ Act, registered companies are mandated to prepare an Annual Report detailing the Company’s activities throughout the accounting period, after the conclusion of the financial year. The Board of Botswana Oil Limited is pleased to confirm that the Company has diligently adhered to this requirement, as well as all other statutory obligations for the fiscal year ending on March 31st, 2023.

In this regard, a statement confirming the Board of Directors’ accountability for maintaining comprehensive accounting records, ensuring the preparation and reliability of the financial statements, and associated information can be found on pages 56 to 102 of this report.

Executive Management

The Chief Executive Officer (CEO) holds the primary responsibility for managing and overseeing the day-to-day operations of Botswana Oil Limited. The CEO is supported in this role by the Executive Management Committee (Exco). The Exco’s main function in this regard is to execute the strategic direction and objectives defined by the Board, all while operating within the framework of the company’s corporate vision, mission, and values. The Senior Management Team plays a crucial role in assisting Exco in fulfilling these responsibilities.

Enterprise Risk Management

Botswana Oil Limited (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. Effective risk management is part of our culture within BOL, and this has been achieved by ensuring compliance with internal policies and procedures, applicable laws, regulations, contractual obligations, and stakeholder covenants which is key to sustained and continued growth.

The Board of Directors, the Finance, Audit and Risk Committee (FARC) and Executive Management continually monitor and assess high risk areas and develop strategies and action plans to reduce overall risk exposures. The Board of Directors is responsible for the overall ERM through approving the ERM framework, Policy, plan, risk appetite and tolerance levels of the organisation.

BOL is committed to maintaining an integrated and enterprise-wide risk management program 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 & Opportunity Identification, Risk Assessment, Risk Response, Risk Contingency Planning, Risk Tracking and Reporting.

The Company conducted a comprehensive review of the Enterprise Risk Management framework internally through consultancy in the FY 22/23. The main objectives of the review were to;

- Assess the existing ERM practices within BOL (Policies, procedures, and structures of ERM).
- Review and improve the current risk and opportunity registers.
- Review and improve the existing risk reporting tools and dashboards.
- Review and improve the existing Risk Management Framework and Risk Appetite Statements (RAS).

The ERM project has since been completed with deliverables including reviewed Enterprise Risk Management Framework and Policy, reports on the BOL Risk Maturity, Gap Assessment and Risk Assessment. Other deliverables include a proposed Revised Risk Register, the BOL Risk Management Report to FARC Template and the Risk Appetite Statements.



Risk Appetite

The purpose of the Risk Appetite Statement (RAS) is to articulate the level and types of risk BOL is willing to accept, or to avoid in the pursuit of achievement of its mandate or strategic objectives. A risk appetite statement embedded within the Company will lead to better business decisions and ultimately better outcomes. The aim of the risk appetite is to provide an overarching framework for accepting and managing risk in the Company. It sets the boundaries of risk taking within the Company. The RAS improves alignment of the risk management approach to the corporate strategy subsequently leading to more efficient allocation of resources and enhances internal controls.

Risk appetite and tolerance levels have been defined in the Risk Appetite Statement (RAS) and approved by the Board. Furthermore, the Annual Enterprise Risk Management Plan that documents the processes, activities, tools, and procedures used to manage and control events that could have a negative or positive impact on (BOL) was implemented for the financial period.

Risk Tolerance Levels

The RAS model characterizes the Company's tolerance for each risk category as low, moderate, or high, according to the following definitions:

- Low** — The Company is willing to accept little to no risk exposures for this type of risk relative to the industry norm. In most instances, the Company will seek to avoid these types of risks.
- Moderate** — The Company is willing and able to accept some risk but adopts a balanced approach with a view to reducing negative outcomes (risk) and enhance positive outcomes (opportunity) relative to the industry norm.
- High** — The Company is willing and able to take on additional risk exposure relative to the industry norm, provided the return is substantial.

Strategic

BOL's mandate/ goals include ensuring the national security of fuel supply and doing this in an efficient and sustainable manner. The company thus has a low appetite of failure to meet its strategic objectives and overall mandate.

Financial

Profitability is key for the BOL to remain a going concern thus enabling the Company to strive towards the achievement of its mandate. BOL thus has low appetite towards failure to grow its gross margin and sales and strives towards diversifying its revenue base.

Legal & Compliance

The Company has low appetite for lack of compliance with laws and regulations. As a result, it strives to ensure adherence to all legal requirements and maintain integrity in its dealings. The organization has low appetite for any legal action to be taken against it nor the breach of any contracts.

Reputational

BOL aims to be a leader in the oil and gas industry and seeks to achieve this in a sustainable manner with customer centricity, citizen empowerment and environmental and safety focus at the forefront. The organization thus has low appetite for reputational damage, negative branding, or negative market perception.

Human Capital

With an ambition to be an employer of choice, BOL has a low appetite for low employee engagement and low employee morale and is committed to building a high-performance organization. The Company is devoted to engaging and retaining the best talent and creating a culture conducive for them to excel. It additionally strives to ensure agility and innovation among its workforce.

Supply

To ensure that the mandate of strategic national stock is achieved, a reliable supply chain is key. BOL thus has low appetite for compromised supplier relations and management, furthermore, has low appetite for the failure to identify and secure supply sources that are environmentally conscious.

Market

The Company strives to maintain a diversified and consistent supply of oil and gas and maintain profitability in that pursuit. With that, the organization has low appetite for a disruption in supply resulting from adverse market movements and aims to mitigate and hedge against adverse market conditions. The organization has low appetite to pass on the results of adverse market conditions towards its stakeholders and customers.

Operational Risk

The operations of the depots are central to BOL's ability to deliver on its mandate of ensuring security of fuel supply. Thus, BOL has low appetite for any disruptions that can render critical depot equipment unavailable. Furthermore, BOL has a low appetite for low efficiency in its depot operations.

Strategic Projects

BOL is undertaking Strategic projects that will increase days cover. BOL has a low appetite for cost overruns, substandard quality, and late delivery of projects.

Risk Tolerance Levels (Cont.)

HSSEQ & Risk

BOL's key resources are its people, and the Company has a low tolerance stance to accidents resulting in serious injuries and fatalities. The Company has low tolerance for failure to implement practical measures to protect the organization and customers from health, safety, security, environmental and quality issues within its areas of operation. BOL also has a low appetite for damage/loss to its assets.

Technology

To achieve its mandate, BOL needs to keep abreast of the latest relevant ICT innovations. With that, BOL has a low appetite for failing to digitally transform and low appetite for any disruptions in core operations. BOL has a low appetite for cyber security breaches and strives to ensure a secure IT environment for the achievement of its objectives.



Top Risks and Opportunities

Risks

The following is a list of the top risks identified during the financial year under review.



Fuel Supply Disruption

The risk that BOL may not meet the market demand leads to market panic buying and general supply disruption. BOL continues to observe and track fuel supply disruptions with regular monitoring, reporting, and responding to market trends that may disrupt supply.

BOL has put in place response plans to support the nation through, ramping up supply across alternative routes.



Information & Cyber Security

There is risk that BOL may not be adequately prepared for ICT related attacks. The Company continues to implement the ICT Security Framework including governance and management frameworks. ICT security monitoring and alerting tools are in place with Continuous Vulnerability Assessment & Penetration Tests conducted.



Failure to Deliver Strategic Infrastructure Projects

The risk that strategic storage infrastructure projects may not be delivered on time, quality and on cost to meet the current strategic storage requirements: BOL ensures effective execution of the project management structures and regular Project Health Checks with recommendations to close any project gaps.



HSSEQ Incidents

The risk that BOL HSSEQ systems may fail leading to serious HSSEQ incidents and business disruptions/interruptions causing harm to people, assets, environment, and communities we operate in. BOL continues to implement robust HSSEQ management system in all its operations to maintain goal zero.



Financial Sustainability & Profitability

The company continues to supply fuel to the country market using the willing buyer- willing seller model while awaiting the approval of import licence and implementation of regulatory framework.



Opportunities



Some opportunities were identified to enhance operational efficiencies, increase sales volumes and effective implementation of the import mandate.



Import Mandate License

The opportunity for BOL to be awarded the import licence with supporting regulatory instruments. The import licence will afford BOL the opportunity to effect its mandate which is to ensure the security and efficiency of fuel supply to Botswana and promote active citizen involvement in the petroleum industry.



Increased Volumes

As a wholesale importer, BOL was awarded the Partnership Project for Supply of Fuel and Equipment Management by Debswana.



Increased Citizen Empowerment

BOL can improve citizen participation in the petroleum industry through the Debswana partnership.



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 volumes for strategic stocks.

Emerging Risks

The Board and Executive Management are also responsible for identifying whether there are any new or emerging risks that may have an impact on the Company's strategic objectives. Emerging risks are assessed on a regular basis through scanning our operational environment and identifying any changes prevailing in the oil and gas industry due to global and local developments. This process is important to ensure that the emerging risks are identified, assessed, and are managed proactively.



Health Safety Security Environment & Quality

Health Safety Security Environment & Quality

Table 1: HSSEQ Key Performance Indicator's for The Year to Date

Key Performance Indicators	KPI/Measure	Actual 2021/2022	Targets 2022/2023	YTD Mar 2022/2023	Comments
Promote adherence to HSSEQ policy and stewardship	No of fatalities	0	0	0	No fatalities
	Zero Days (Days Without LTI)	365 days	365 days	365 days	365 days without LTI
	LTIFR	0.0	0.0	0	No Lost Time injury YTD
	No of spills > 100kg	0	0	0	Zero spillages > 100kg
	No of significant Incidents	0	0	0	No significant incidents YTD
	No of significant HSSEQ audit findings	N/A	<2	0	HSSEQ Internal Audit completed with No significant findings

1.1 BOL Recorded Positive HSSEQ Performances in the Financial Year 2022/2023.

All HSSEQ key performance indicators/targets which are aligned with organisational strategic objectives remained positive. BOL HSSEQ commitment is Goal zero: To protect personnel, property, environment, information, and reputation against security threats as well as deliver quality goods and services. BOL aims at having an excellent HSSEQ performance to be proud of, to earn the confidence of customers, shareholders, and society, to be a good neighbour and to contribute to sustainable development.

1.2 HSSEQ Capacity Building

HSSEQ Capacity building continues to be one of our top priorities. BOL planned and conducted different HSSEQ training for employees to inculcate the HSSEQ culture in the organisation. The objective is to capacitate the team on HSSEQ aspects on how to run operations in a safe manner to prevent incidents and maintain goal zero. Training plan for the FY 2022/23 included: Permit to Work and Gas Testing, Defensive Driving, Root Cause Analysis, Emergency Management: First Aid and Fire Fighting, HSSEQ Management Systems.



1.3 HSSEQ Projects Support & Performance

HSSEQ is an important pillar on all our projects, from procurement to project implementation and close out. For the FY 2022/23 we have recorded positive HSSEQ performance on all our projects.

- **Debswana Fuel Supply and Equipment Maintenance:** BOL met the Debswana Safety, Health, Environment (SHE) and Environment, Community, Occupational Health, and Safety (ECOHS) requirements for business partners. We aim to be a safe and sustainable business partner through continuous implementation of the SHE and ECOHS plans to enable the project safe operations. The SHE and ECOHS performance remains positive since project inception. BOL has successfully completed 2023 Mines audits in both sites Jwaneng and Orapa, Letlhakane and Damtshaa (OLD) mines with positive results and no significant findings.
- **Francistown Depot Expansion:** Implementation of the BOL HSSEQ requirements was executed as part of the procurement process and project implementation. The contractor HSSEQ file to meet the requirements were approved for project implementation. The project has maintained positive HSSEQ performance since project inception. The project is continually monitored to maintain positive HSSEQ performance throughout the project.
- **Ghanzi Depot:** Inclusion and Implementation of HSSEQ requirements in the Project procurement documentation. We endeavour to work with contractors who meet the HSSEQ requirements and uphold goal zero.
- **Citizen Suppliers HSSEQ Development Programme:** In support of the BOL mandate, we work with our citizen suppliers by onboarding them in the implementation of HSSEQ requirements. Citizen suppliers and transporters who are new to the industry get support to implement and meet the HSSEQ requirements. The support spans from an HSSEQ gap assessment and a robust remedial action plan to close the gaps and be ready to operate in the oil gas industry.

1.4 HSSEQ Operating Management System (OMS)

BOL has developed and implemented an integrated Health Safety Security Environment and Quality (HSSEQ) Management System (MS). The Operating Management System (OMS) is a systematic and standardized approach to managing and implementing Occupational Health & Safety, Environment and Quality, including the necessary organizational structures, accountabilities, policies, processes, and procedures. In a nutshell, it is our way of doing our operations "culture" or an integrated management system (IMS) that combines all related components of a business into one system for easier management and operations to achieve our objectives.

The BOL Operating MS is achieved through an integration of the internationally recognized Standards ISO 9001, ISO 14001 and ISO 45001, Best practice, duty of care legal & regulatory requirements to ensure that;

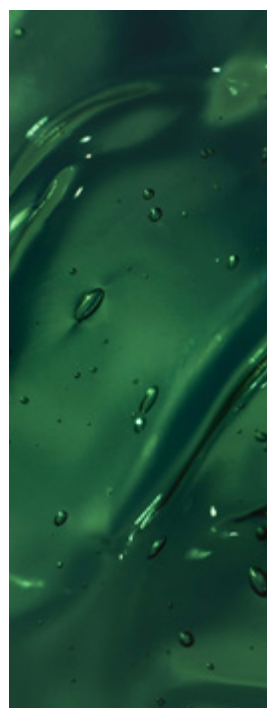
- The health, safety and security of employees is of paramount importance.
- The organization actively takes steps to reduce its impact on the environment.
- The products and services are of a consistent quality.
- There is compliance with all regulatory requirements.
- There is organisational culture and building of continual improvement.

The next chapter will see BOL go on an ISO certification readiness journey. The certification will signify that our processes work efficiently and effectively and are consistent with the international best practices.

1.5 HSSEQ Culture and Events

BOL continues to strengthen HSSEQ culture in the organisation through employee engaging events. The events include dedicating time to take a moment and reflect on HSSEQ culture and golden values. The events also form as a platform for the organisation to recommit to the HSSEQ values and goal zero. The events executed for the FY 2022/2023 include HSSEQ stand down, AIDS Day, HSSEQ culture day, HSSEQ emergency management sessions and HSSEQ stakeholder engagements.

Botswana Oil limited (BOL) is fully committed to the protection of the Health, Safety, Security, Environment and Quality (HSSEQ) of its Board of Directors, employees, contractors, sub-contractors, and the communities in which it operates. To demonstrate this commitment and achieve HSSEQ objectives, BOL Management shall demonstrate Leadership in Health, Safety, Security, Environmental and Quality protection and pursue business with integrity.



Internal Audit

BOL has an Internal Audit department that reports functionally to the Finance, Audit and Risk Committee of the Board and administratively to the Chief Executive Officer.

Internal audit provides assurance on the adequacy and effectiveness of controls that mitigates risks.

In undertaking this role internal audit is guided primarily by King IV and Institute of Internal Audit Standards.



The Debswana fuel supply contract has contributed **75 million litres** to the overall sales volume of **187 million litres**.



Healthy cash balance of **P823 million**



Closed the year with a **profit of P99.026 million** compared to the budgeted loss of P9 million.



P2,6 billion

Revenue growth to a commendable P2,6 billion in the 2022/2023 financial year



Board Chairman's Statement



This year was full of great strides, diverse challenges, and new beginnings across the business. The Company has in the period under review, continued to operate through the willing buyer willing seller business environment. Despite the obstacles exacerbated by the Russia- Ukraine conflict which continues to cause constraints in the global supply of petroleum and oil products, the fiscal year brought positive developments.

This year was full of great strides, diverse challenges, and new beginnings across the business. The Company has in the period under review, continued to operate through the Willing Buyer-Willing Seller business environment. Despite the obstacles exacerbated by the Russia- Ukraine conflict which continues to cause constraints in the global supply of petroleum and oil products, the fiscal year brought positive developments from which the company intends to grow.

Corporate Governance

Botswana Oil Limited (BOL) has adopted the King IV Corporate Governance principles to encourage an ethical culture, good performance and effective controls. "The overarching objective of King IV is to make corporate governance more accessible and relevant to a wider range of organisations, and to be the catalyst for a shift from a compliance-based mindset to one that sees corporate governance as a lever for value creation" - Prof Mervyn King.

The Board of Directors is committed to dispensing its duties guided by the Corporate Governance principles and practices and ensuring that the structures are resilient and robust. We had no reportable matters on issues relating to corporate governance and compliance in the period under review.

During the year, the BOL Board of Directors and the company's Executive leadership exhibited adaptability and agility in overcoming supply chain challenges and other market disruptions with a resolute approach which ended the year with

exceptional growth in both sales volumes and revenue.

Strategic Plan

The company's major strategic goals for the period under review were to pursue a growth strategy that contained a balance between short, and long-term activities. This was meant to address the identified immediate, and longer-term priorities and actions that would ensure sustained creation of shareholder value.

Operational highlights and achievements

The Board affirms its commitment to ensuring BOL's mandate is met through effective monitoring and oversight, especially in relation to the Strategic Projects. As the Board and Management of the Company, we are committed to continuously improving profitability and efficiency, through effective implementation of processes.

A pivotal point in the petroleum industry in Botswana was the amendment of the Botswana Energy Regulatory Authority (BERA) Act which established a Public Body (being the National Oil Company) and empowered the Minister to authorise the Public Body to import, maintain and manage petroleum reserves for the country.

Emphasis will also be placed on expediting the takeover of the Aviation Fuel facilities to ensure security of supply of aviation fuels in the country. In addition, the Company will work on progressing to the next phase of the Ikaegeng Coal to Liquid Project. The objective of the Project is

to construct a Coal to Liquids facility to produce petroleum products for Botswana using Botswana coal with the objective of improved energy security for the country. Due to the complexity of the project, the facility will be procured through the Public Private Partnership model. Further, the scope of the Project has widened to include downstream businesses using by-products such as chemicals, fertilizers and explosives.

Another key focus area relates to expediting the takeover of the Government Fleet Management (GFM) facilities and its operational sites, to provide improved energy security for Botswana and citizen involvement in GFM fuel points operation.

One of the most significant milestones worth noting is the partnership with Debswana in August 2022, delivering on Botswana's biggest Citizen Economic Empowerment Program (CEEP) project which involves the use of citizen transporters to supply Debswana Mines with fuels. The Debswana fuel supply contract has contributed an additional 75 million litres to the overall sales volume of 187 million litres, for the period under review.

BOL also successfully introduced a product additive injection system at its facilities to deliver fuel to the specification of customers, which was commissioned in early 2023.

Through robust stakeholder engagements, BOL successfully partnered with other industry players across the value chain for business expansion opportunities and to

meaningfully contribute to socioeconomic development positive impact within the communities.

Implementation of strategic projects continued during the year under review. These include the Francistown depot expansion which seeks to expand the bulk petroleum storage depot at Francistown by 60 million litres to 98 million litres, to meet the Government strategic objective of 60 days stock cover for petroleum products in the north east consumption envelope by the year 2030.

The groundbreaking ceremony for the expansion was conducted in September 2022, marking the commencement of the construction of the depot. Phase 1 of the Project being the Bulk earthworks, demolition, and reconstruction of existing bund wall construction of Road loading and offloading Gantry is anticipated to be commissioned in May 2024 with Phase 2 of the project which includes the additional 60 million litre storage tanks, rail loading and offloading gantry together with Firefighting system upgrade, anticipated to commence in April 2024 for completion in June 2025.

Another strategic project which took off during the reporting period was the design of the Ghanzi Storage infrastructure Project strategically located in Ghanzi to enable efficiency on the Namibia Botswana Route as a way of diversifying Botswana's supply routes. The project is still at the planning stages with designs of the anticipated 60 million litre storage infrastructure project approved and procurement of contractors still ongoing. The project's construction is intended to start in January 2024.

The flagship Tshele Hills Project located in the Kgatleng District, along Rasesa has been resuscitated. The Project is also developed using the Public Private Partnership model with the Request for Quotation currently under adjudication. The Project is intended to provide Government with a 60 days (187 million litres) petroleum stock cover for the South-East consumption envelop.

Financial Performance

The Company's performance improved significantly in the last financial year, after many years of experiencing losses.

During the financial year under review, BOL achieved impressive profitability with the Company's revenue growing to a commendable P2,6 billion in the 2022/2023 financial year, compared to P570 million attained in the prior year (2021/2022). The net profit after income tax achieved in 2022/2023 was P99 million compared to a net loss of P17,3 million in 2021/2022.

This good performance was mostly due to the new partnership BOL entered into with Debswana as well as a number of new contracts from International Oil Companies, which boosted sales volumes and revenue. The cumulative profit is also inclusive of a refund to BOL from the Security of Supply Margin (SSM) fund by the Government for Depot management fees for the years 2017-2022, as well as interest income earned from the healthy cash balances. During the year under review, BOL maintained a healthy cash balance of P823 million which bodes well to meeting its operational obligations as well as its infrastructure, and other project requirements. The cash balances were also achieved through prudent working capital management. As of 31st March 2023, BOL closed with a financial net position of P1.244 billion. This is a huge improvement from last year's (2022) net position of P354 million and has strengthened the balance sheet immensely.

To this end, the Board applauds the BOL leadership and team for the great strides taken to achieve these incredible results. As the Board of Directors, we pledge our continued support to the Company to ensure that the business continues to maintain this growth trajectory.

Outlook

As we look ahead to the coming year, the Board remains resolute in its dedication to steering the company towards sustained growth and success. We will continue to motivate and lobby for the 90% import license which will result in BOL being the majority importer of petroleum products for Botswana, with oversight of security of supply for the country.

We also recognize that another key focus area remains timely and efficient delivery of strategic projects, particularly the development of storage infrastructure

and identification of alternative and cost-effective supply routes. Through infrastructure projects, we seek to enhance our operational capabilities and drive long-term value creation.

Central to our endeavours is our pledge to nurture positive relationships with our key stakeholders. We acknowledge the significance of collaborations and partnerships with our key stakeholders to achieve success and sustainability of the company.

Acknowledgements and Gratitude

On behalf of the Botswana Oil Limited Board of Directors, I am pleased that the BOL Management and staff dedicated their time and efforts to achieving tremendous success during this financial year. I affirm that we have made considerable progress during the 2022-2023 financial year and wish to express my gratitude to the BOL team for their commitment, passion, and consistency in moving our business well into the future.

My Board and I remain grateful for the support from our Shareholder, the Government of the Republic of Botswana, through the Honourable Minister of Minerals and Energy for the unwavering and continued support, guidance and provision of resources when required during this financial year.

We would also like to extend our appreciation to all our other important stakeholders including our Regulator (BERA), strategic industry partners, suppliers, and transporters in working and cooperating with us in delivering on our mandate. The continuous engagements with all our valued stakeholders have proved very valuable to us and have, contributed to transforming our business to what it is today.

To all our customers, your patience when required has been both exemplary and invaluable. As a business we treasure the relationships we have built over the years, and we look forward to even stronger relations in the future.



Mr. Martin Makgathe
Board Chairman



Board Members Profiles

The Botswana Oil Limited Constitution stipulates a maximum membership of nine individuals, which includes the Chairman. As of 31st March, 2023, the Board consisted of eight members, inclusive of the Chairman and the Chief Executive Officer, with a predominant presence of Independent Non-Executive Directors.

The composition of the Board is entirely composed of Batswana, thus ensuring a homogeneous national representation, while diversity is maintained through a well-balanced combination of gender, age, length of service, and a diverse range of skills and expertise.

Board Composition

Batswana

Average age
53 years

Average tenure
3.25 years

Females
25%



01 Mr. Martin Makgatlhe

**Board Chairperson -
Independent Non-Executive Board Member**
Appointed - 1st September 2021

Mr. Martin Makgatlhe holds a BA (Econ) degree from the University of Botswana. He boasts extensive expertise in the capital markets sector, having played a pivotal role in the establishment and growth of the Botswana Stock Exchange. His contributions also extend to pioneering the development of both the asset management and stock broking industries.

Over the years, he has lent his skills and knowledge to various boards within both the private and public sectors. These include significant roles such as Deputy Chairman of the Presidential Task Team on Vision 2036, Chairman of the Vision 2016 Council, Chairman of BotswanaPost, and positions within entities such as the Botswana Stock Exchange, Central Securities Depository Botswana, and Botswana Building Society.

Presently, he serves as an Independent Non-Executive Director and Chairman of Letshego Financial Services Botswana. Additionally, he holds the role of a Trustee for the Sir Ketumile Masire Foundation. Beyond his board memberships, he is the founder and CEO of Motswedi Securities a stock broking Member of the Botswana Stock Exchange. His extensive experience in the business and corporate sectors positions him as a valuable asset in various professional arenas.

02 Mr. Nchena Mothebe

**Non-Executive Board Member a member
of the Governance Committee**
Appointed - 1st April 2021

Mr. Mothebe holds a Master of Business Administration (MBA) degree conferred by the Graduate School of Business at the University of Cape Town, along with a Bachelor of Engineering degree in Electrical and Electronics, awarded by the Birla Institute of Technology, Mesra in India. He is a registered Professional Engineer specializing in Electrical and Electronics under the Engineering Registration Board (ERB) in Botswana. Additionally, he holds the distinction of being a Chartered Engineer and a member of the Institute of Engineering Technology (IET) in the United Kingdom.

With over three decades of extensive experience in the energy sector, Mr. Mothebe currently serves as the Deputy Permanent Secretary responsible for Green Technology and Energy within the Ministry of Minerals and Energy. In this role, he plays a pivotal role in the development of sustainable energy policies, aimed at fostering economic growth and responsible energy use, among other key responsibilities.

03 Ms. Setshedi Botlhole-Mmopi

**Independent Non-Executive Board Member
serving as the Committee Chair for the
Finance, Audit and Risk Committee**
Appointed - 1st April 2021

Ms. Botlhole-Mmopi earned her Bachelor of Commerce (BCom) degree with a specialization in Accounting from the University of Botswana. She holds the prestigious designation of Fellow member in the Association of Chartered Certified Accountants (FCCA), a testament to her professional expertise.

With an impressive career spanning the oil industry, Ms. Botlhole-Mmopi steadily ascended to the role of Finance Manager during her nine-year tenure at BP Botswana. She further enriched her experience by serving as Chief Financial Officer (CFO) in both the mining and banking sectors. Her career reached its pinnacle at Botswana Post, where she not only assumed the role of CFO but also took on the responsibility of leading the Mail Business division.

Ms. Botlhole-Mmopi is a highly seasoned professional renowned for her proficiency in various facets of financial management, as well as her adeptness in business and transformational leadership. Currently, she is self-employed and actively participates on multiple Boards. Her extensive financial acumen plays a pivotal role in advancing the company's vision of achieving commercial excellence, fostering profitability, and enhancing efficiency in business operations.



04
**Mr. Motsile
Sibanda**

Independent Non-Executive Board Member and Chairperson of the Human Resource Committee
Appointed - 1st April 2021

Mr. Sibanda possesses a wealth of qualifications and extensive professional experience in the field of Human Resource Management. He earned his Master of Arts in Human Resource Management from the University of Leeds in the United Kingdom, complemented by a Bachelor of Social Sciences in Public Administration & Political Science from the University of Botswana.

Over the course of his career, Mr. Sibanda has demonstrated his expertise as a seasoned Human Resources practitioner. He has occupied Executive Management positions and served on various corporate boards across a diverse range of industries, including public service, banking, consulting, capital markets, mining, and the pension industry. Presently, he is employed within the education sector, holding the position of Director: Human Resources.

Mr. Sibanda's extensive experience and profound technical knowledge of human resource practices uniquely positions him to make substantial contributions as a member of the Board. He plays a pivotal role in offering coaching and expert guidance to ensure that Botswana Oil achieves its objectives and fulfills its mission of becoming a high-performing organization.



05
**Mr. Kenneth
Matswiri**

Independent Non-Executive Board Member, Chairperson of the Board Tender Committee and a member of the Finance, Audit and Risk Committee
Appointed - 1st April 2021

Mr. Matswiri holds an MSc in Strategic Management from the University of Derby, complemented by a Bachelor of Social Science degree in Economics and Supply Chain Management from the University of Natal in Pietermaritzburg. He has also completed the Management Development Programme at the University of Stellenbosch Business School.

With a diverse background, Mr. Matswiri is the founder and CEO of Thermo Radiators Botswana, an electromechanical company specializing in the manufacturing, repair, and refurbishment of radiators for earth-moving equipment and heavy machinery. In addition to his role at Thermo Radiators Botswana, Mr. Matswiri serves as the Managing Director of Growth Properties, a property development firm known for its well-established fuel station in Tsabong and Corner Bakery. He further holds the position of Director at Value Chain Group, a transportation and logistics company that places a significant emphasis on refrigerated transport and side tippers.

Mr. Matswiri's extensive experience and business acumen brings a valuable dimension to Botswana Oil Limited. His diverse portfolio of enterprises and expertise align well with the company's strategic goals, particularly in fostering partnerships, alliances, and increasing citizen participation within the oil and gas industry.



06
**Mr. Judge
Mookodi**

Independent Non-Executive Board Member and Chairperson of the Governance Committee since its inception. He is also a member of the Human Resource Committee
Appointed-1st April 2021

Mr. Mookodi possesses a Bachelor of Engineering (B.Eng.) in Plant Engineering from Nottingham Trent University, a Higher National Diploma (HND) in Mechanical Engineering from Portsmouth University, and a Diploma in Strategic Management from the University of Derby.

His professional background encompasses a diverse range of roles, including serving as the Chief Executive Officer of the Botswana Football Association, holding the position of General Manager at Cadbury Botswana, leading as General Manager at Opti Feeds, managing Operations and Marketing at Coca Cola, and contributing as a Market expert.

His extensive and diverse professional experience equips him to make valuable contributions offering insights and expertise across various critical and technical areas of organizational management and development.



07

Advocate Pearl Batshabile

Independent Non-Executive Board Member serving as a member of the Governance Committee and Board Tender Committee
Appointed - 1st April 2021

Advocate Batshabile is a Law graduate with an LLB degree from the University of Pretoria (RSA) and is currently pursuing her LLM at the same institution. She holds admission as an Advocate in the High Courts of Botswana and runs her own private practice, known as Batshabile Advocate Chambers.

Her legal career commenced at Shapiro and Shapiro Inc., later rebranded as Shapiro and Ledwaba Inc. (RSA). She also served as a legal advisor for Arts Revelations Co. (RSA) and later worked as an administrator for Momentum Health Care Medical Aid (RSA).

Her extensive experience in advocacy and law brings valuable diversity to the Company, ensuring it remains well-guided, competitive, and compliant in the ever-evolving regulatory landscape in which BOL operates.



08

Mr. Meshack Tshekedi

Executive Director (CEO, his tenure is tied to his capacity as CEO)
Appointed - 1st April 2021

Mr. Tshekedi has been serving as the CEO of Botswana Oil, a position he continues to excel in. He brings a robust educational background to his role, holding an MSc. in Engineering Management, a BSc. in Chemical Engineering, and a BSc. in Economics, all earned from the prestigious Missouri University of Science and Technology in the USA.

He also holds certificates in Management and Supply Chain Management. Mr Tshekedi has held senior leadership positions in various industries including Brewing and Beverage production, Mining, Consultancy, Export & Investment promotion and Brand Promotion fields.

His professional journey includes serving as the General Manager of MRI and as the Group Supply Chain Director for SAB Miller - Africa Zambia. In 2015, he joined Botswana Investment & Trade Centre (BITC) as Chief Operations Officer and later Acting Chief Executive Officer (2016-2018) where he was responsible for promoting investment and trade in Botswana and promoting the National Brand.

Mr Tshekedi rejoined Botswana Oil Limited in 2018 as General Manager, Supply and Manufacturing, where he was later appointed as the Acting Chief Operations Officer and ultimately appointed Chief Executive Officer in 2020. Over the past several years, his exceptional leadership skills have played a pivotal role in transforming Botswana Oil into the profitable entity it is today.



115%

The staff recruitment drive led to a 115% increase in staff complement



65%

of fuel imported to drive economic activity in the country



Sales were

57.4 million

above budgeted volumes



Chief Executive Officer's Remarks



For Botswana Oil, 2022 was a year of growth and prosperity across the business. Financially, the Company achieved a record high profitability since its inception. In the previous financial year, Botswana Oil started at 25% of the volumes imported into the country which was then increased to 50% during the financial year. This resulted in a total of 65% of fuel imported to drive economic activity in the country. Over the years, BOL experienced financial losses and challenges in shortages of fuel supply. I am pleased that 2022 has been an incredible year for the Company as we performed extremely well in volume of fuel imported as well as revenue generated.

Financial Performance

BOL stood firm amid the tumultuous Russian/Ukraine conflict that rattled the petroleum industry with its price volatility and supply disruptions. Much like its global counterparts, the Botswana market was not immune to these effects. The supply of products from the preferred route (South Africa) was also hit, forcing us to source from alternative routes (Namibia and Mozambique) with an unproductive pricing structure. However, BOL's resilience shone through as we boosted our sales volumes through a newly acquired business and increased supply to the willing-buyer-willing-seller market in response to disruptions.

Despite the initial budgeted loss of P9 Million, BOL orchestrated a remarkable financial turnaround, culminating in a cumulative net profit of P99 million for the year. This achievement is all the more impressive as it includes a refund of P35.7 million (exclusive of VAT) from the Security of Supply Margin (SSM) fund by the Government for Depot management fees for 2017-2022. Our sales volumes underwent a significant revision from 130 million litres to 173 million litres mid-year. This was a direct response to Debswana's increased consumption and the overall surge in demand from IOCs and COOCs in the wake of supply disruptions in the market.

In the fourth quarter, BOL further bolstered its volumes, entering into a sales contract with Vivo and Kwa-Nokeng, which propelled the volumes from 173 million litres to 187 million litres. Revenue was recorded at P2.6 billion compared to the budget of P1.8 billion due to higher sales volumes. The average selling price was P13.79 per litre compared to the budget of P13.75 per litre, a slight difference due to the additional 57 million litres in volumes.

Value creation and strategic focus

As we continue to realign our strategy with the industry trends, demands and the dynamic environment within which we operate, the Company embarked on increasing its staff complement to facilitate delivery of its strategic initiatives. The staff recruitment drive led to a 115% increase in staff complement from 46 in March 2022 to 99 in March 2023. To support this growth an organisational culture blue print has been developed which includes training and capacity building to ensure alignment in achieving strategic goals.

BOL identified the following as its key priorities for the 2022-2023 financial year.

Drive Citizen Economic Empowerment - Botswana Oil and Debswana entered a strategic partnership aimed at fostering local participation in oil transportation.

Infrastructure Development and Expansion - In the first years of the strategy, BOL has managed to initiate project milestones of its different strategic infrastructure projects such as Tshele Hills, Francistown Depot Expansion and Ghanzi Depot. It is expected that these projects will be completed to allow for successful implementation of strategic goals of Security of Supply and Sustainability.

Diversification and Growth of Revenue Streams - Botswana Oil engaged in multiple activities to explore how the company can diversify income streams. A key strategic project from these efforts is the Ikaegeng coal to liquids project which is expected to add additional energy products. This project is not only intended to diversify income streams but also

illustrate the company's innovation and proactiveness in ensuring energy security as it transitions to cleaner fuels.

Diversification of Sources and Routes of Supply - To increase efficiencies and de-risk the business from having one supplier and only one route (South Africa), BOL made efforts to increase its supplier base and implement alternative routes. It is critical to note that the selection of alternative routes was done with careful consideration of the cost efficiencies of using the routes and the prices offered by suppliers. BOL was able to source from Namibia and Mozambique. This was achieved through negotiations that resulted in procuring stock at a more profitable cost.

Effective Stakeholder Management and Engagement - Strategic partnerships and Memorandum of Understandings (MOUs) were signed, implemented and monitored, including stakeholders such as BITC, BIUST, MCM, just to mention a few. Regional MOUs with other National Oil Companies such as Namcor, Petromoc and PetroSA were also signed for effective implementation of the agreements.

Digital Transformation - For improved internal efficiencies, Botswana Oil Limited has an ICT strategy that is aimed at enabling efficient processes through digitization. The implementation of the strategy includes an organization wide Digital Transformation strategy with multiple milestones that propelled BOL to seamlessly service delivery to internal and external stakeholders.

Leadership and Culture Change Management

The bedrock of the BOL strategy is its people. The company engaged in a Culture assessment and alignment project to ensure that the culture of Botswana Oil enables optimum organizational performance.

The BOL team stepped up in unity during the year to rise up to the challenges and adapted seamlessly to deliver on impressive operational performance. The success of the business in sales volume and revenue is a result of the understanding of our industry, their devotion and resolve to create value for our shareholder and to grow the company.

We end the year with a positive outlook inspired by the current year performance and the partnerships we secured for alternative routes of supply and the business contracts. We are optimistic that the next financial year our company fortunes will grow as we remain focused on delivering on our strategy.

Citizen Economic Empowerment

I am pleased that the number of active Citizen Owned Oil Companies (COOCs) increased providing various services. The support provided to the COOCs includes facilitating entry of citizens into the fuel and gas industry and associated services. It includes fuel transportation, clearing and freight forwarding, inspection and surveying, participation in current Infrastructure developments, service and maintenance, training & capacity building (Health, Safety, Security, Environmental & Quality (HSSEQ), pricing, transport & depot operations, and many others).

In addition, this led to an increase in the number of local transporters to participate in the industry. BOL contributes towards building capacity of these new ventures to ensure that they comply with the requisite standards and requirements for transporting fuel for effective and efficient deliveries in a safe and sustainable manner.

Contributing to positive societal impact

As a responsible corporate citizen, Botswana Oil has been a key player in supporting socio-economic development within the community in which it operates. Through its Corporate Social Responsibility plan supported various initiatives.

The partnership with the Botswana International University of Science and Technology (BIUST) for the best overall student for the Bachelor of Engineering, Mechanical and Energy Engineering has been a great success. This year is the 5th year that we have been awarding the prize to promote academic excellence and contribute towards development of skills in the energy sector.

Through our collaboration with other key stakeholders, we participate in various charitable events by donations and sponsorships for fund raising activities geared towards improving the livelihoods of our communities. We have participated in the Debswana Charity Golf Challenge, donated to Tshole Trust environmental preservation initiative and others covered under the sustainability section of the report.

Appreciation

I appreciate all the stakeholders who supported us throughout our journey this year.

Our clients have been understanding and continued to have confidence in us and for that we are grateful. We are pleased that our strategic partners for the delivery of joint business operations and we look forward to mutually beneficial partnerships in the future.

I would like to thank our Board of Directors for their visionary leadership and guidance. We are privileged to have our shareholder pledging support and entrusting us to deliver on key national strategic projects.

The BOL team across the country has been instrumental in achieving the outstanding results we attained this year. I am delighted as we gear up for the next year and believe that we can accomplish a lot more as a team!



Mr Meshack Tshakedi
Chief Executive Officer





DANGER

DANGER



Executive Management



01
Mr Meshack Tsheledi

Chief Executive Officer



04
Ms. Olivia Ramaselwana

Chief Finance Officer



02
Mr. Onkutule Masima

General Manager - Supply



03
Ms. Latelang Chakalisa

Chief Legal Officer



04
Mr. Gamu Mpfu

Ag. Chief Strategy and Sustainable
Officer



05
Ms. Tshepo Wadipeba

Chief Human Capital Officer



06
Mr. Tshegofatso Kenosi

Ag. General Manager – Operations

Senior Management



01

Mr Thabo Simon

Senior Manager - Commercial



02

Ms. Phatsimo Moeti-Joel

Senior Manager - HSSEQ and Risk



03

Mr. Patrick Mmusi

Senior Manager - Internal Audit



04

Ms. Boitumelo Mphare Aqual

Senior Manager - Procurement



05

Ms. Matida Mmipi

Senior Manager - Marketing and Communications



06

Mr. Thebe Phirinyane

Senior Manager - Engineering



04

Mr. Kabelo Lanka

Senior Manager - Project Management Office



05

Ms. Nozipho Ramokgalo

Senior Manager - Finance and Administration



06

Mr. Gabriel Mooki

Ag. Senior Manager - ICT

Operational Highlights

The operations team successfully introduced a product additive injection system at the depot facilities to deliver fuel to the specification of our customers, commissioned in early 2023 at a cost of P2.2 million.

Operational efficiency

A truck staging facility was developed and launched in Gaborone to reduce congestion at the depot and for enhanced safe environment for the truckers, also commissioned at the beginning of 2023 worth P5.3 million in investment.

Francistown Depot Expansion Groundbreaking

HSSEQ is a key component and cornerstone of our operations as we target to reach Goal Zero across all the business units in the Company to reduce our carbon footprint.

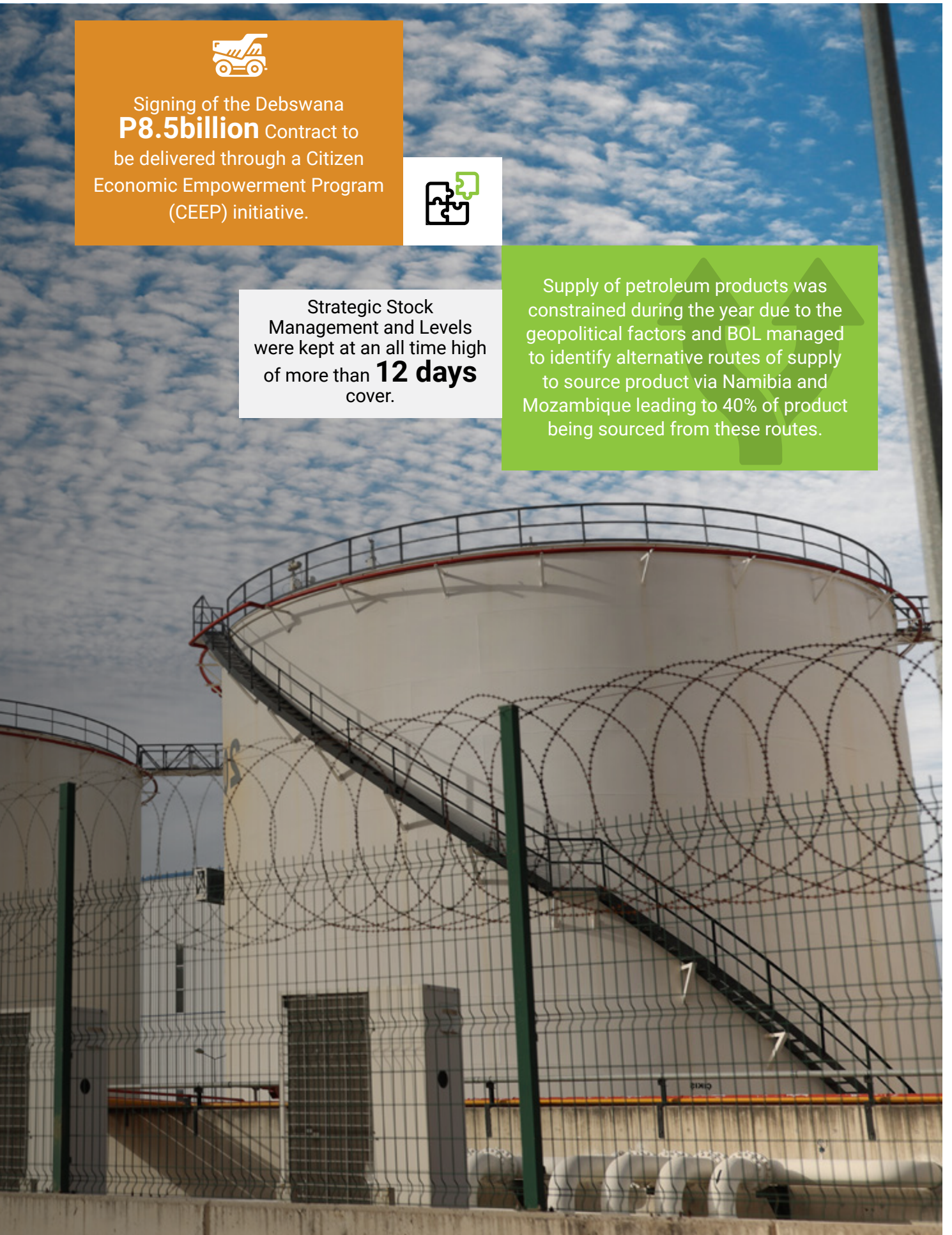


Signing of the Debswana
P8.5billion Contract to
be delivered through a Citizen
Economic Empowerment Program
(CEEP) initiative.



Strategic Stock
Management and Levels
were kept at an all time high
of more than **12 days**
cover.

Supply of petroleum products was
constrained during the year due to the
geopolitical factors and BOL managed
to identify alternative routes of supply
to source product via Namibia and
Mozambique leading to 40% of product
being sourced from these routes.



Strategic Infrastructure Projects

The Botswana Government Bulk Petroleum Projects to increase the national strategic reserve capacity from 18days to 60days are ongoing. The Francistown Project is currently in construction stage while the Ghanzi and Tshele Hills Projects are at various contractor and PPP procurement stages.

Tshele Hills Oil Storage Facility

The project aimed to construct an 187million litres capacity petroleum storage facility is currently in procurement of the PPP company, who will design, finance, construct, operate and handover the facility at the end of the agreement.

Ghanzi Oil Storage Facility

The project intended to build a storage facility of 60million litres capacity is currently on procurement stage following completion of the designs. The procurement of a Civils, Building, Mechanical & Electrical contractor as well as a Tank Fabrication and Erection contractor are ongoing. Once complete the facility will store petroleum products from Namibia via the Mamuno boarder to supply the western part of the country.

Expansion of the Francistown Depot Facility

Francistown Depot expansion from a capacity of 38million litres to 98million litres is on construction stage with Phase 1 which is delivery of the truck loading and offloading facility scheduled to be completed in 2023/2024 financial year. Phase 2 which includes design, fabrication and erection of an additional 60million litres capacity tank farm to be completed in the financial year 2024/2025. The facility will receive petroleum products from Mozambique to supply the northern part of the country through rail and road transport networks.

Old Naledi Truck Staging Facility Remedial Works

The remedial works to the Gaborone – Old Naledi Truck Staging facility was completed in March 2023 at a final cost of BWP 3.1 million. The facility which is intended to alleviate truck congestion and mitigate the associated safety and environmental risks at Haille Sellasie Road has been handed over for beneficial use.





Stakeholder Management

Citizen capacity building and enterprise development training with focus being on BOL and Debswana partnership.

Tshele Hills engagement workshop for BOCOCA membership and Financiers



Launch of the Graduate Trainee Program

Banking Industry and BOCOCA trainings on the Debswana Project



Pricing workshop with the media





Stakeholder Management

A Stakeholder Engagement and Communication Plan was developed and implemented during the year under review. The engagement is critical as it enabled the Company to understand the interests, concerns, and influence of stakeholders on the BOL operations and profitability.

The engagements also assisted Management to make informed decisions that are more aligned with both business objectives and stakeholder expectations.

The engagements were for both internal and external stakeholders at the various office sites. Some of the key highlights include the following;

Testing Emergency Preparedness

Botswana Oil Limited is committed to its Health, Safety, Security, Environment and Quality (HSSEQ) and Business Continuity Policies to establish, maintain, and test emergency response plans to ensure the protection of its employees, facilities, environment, and the communities within which it operates, in the event of an emergency or crisis.

As part of implementing the Emergency Response Plan, BOL in March, conducted a stakeholder consultation forum that included the Fire Department, Botswana Defence Force, Botswana Police, Emergency Medical Services, Oil companies, and Neighbouring companies to deliberate on emergency risk mitigation measures at its Francistown Fuel Depot. The forum was followed by a successful simulation exercise, to test the Francistown Fuel depot emergency preparedness.

It is worth noting that in April 2022, BOL took over operations of the Francistown Fuel Depot from Vivo Energy Botswana (VEB). Subsequently, in October 2022 activities associated with the Francistown Fuel Depot Expansion commenced with direct control and operation of Government Storage Reserves and increased risks and the likelihood of emergencies from the project, it was important for the Company to develop an emergency response plan for the facility.

It was, therefore, paramount to engage relevant stakeholders in the execution of the Emergency Response Plan through a practical exercise to determine the readiness of the Francistown Fuel Depot Emergency Response team. The emergency service providers were also part of the exercise to test the effectiveness and reliability of the communication systems, equipment, and machines in case of an emergency. The exercise was resourceful, and the results were quite impressive.

Citizen Owned Oil Companies Workshops and Capacity Building Exercise

One of the key pillars of the BOL mandate is to facilitate the participation of Citizen Companies in the oil and gas sector in line with its mandate, BOL held various capacity building workshops for those interested in venturing into the oil and gas industry and those who are in the industry and willing to learn more.

From the workshops, participants gained more information and knowledge to fully appreciate the industry value chain and associated business opportunities. In this reporting period the Company held virtual workshops on Debswana projects and its opportunities. Some companies which had declared interest in the Tshela Hills Project Request for Proposals were briefed about the project. The Botswana Citizen Oil Companies Association (BOCOCA) and Citizen Owned Oil Companies (COOCs) were engaged to create awareness on the BOL key projects, progress on approval of the import license and the implementation of the newly developed industry capacity building framework.

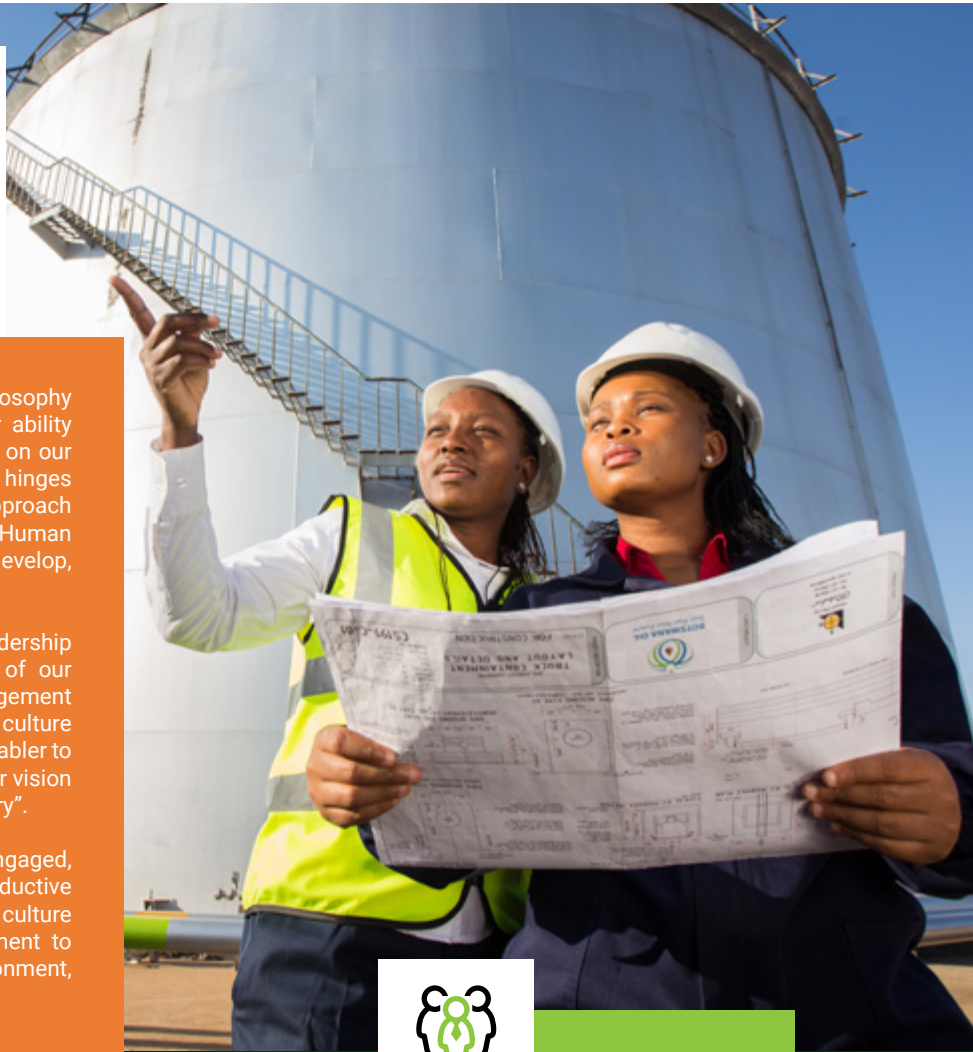


Our People

We have a unique Human Capital Philosophy which is anchored on the belief that our ability to achieve our strategic objectives, deliver on our mandate and meet future business needs, hinges on the application of a systematic approach coupled with the design of integrated Human Capital initiatives geared to attract, develop, assess, and retain our people.

Building and attracting strategic skills, leadership effectiveness, the focused development of our employees, effective performance management and creating an enabling organizational culture remains our key focus. It is an important enabler to catapult us towards the actualization of our vision of being "a leader in the Oil and Gas industry".

We are in pursuit to build a skilled, engaged, high-performing, purpose driven and productive workforce, with a complementing enabling culture for our people and a steadfast commitment to Goal Zero: No harm to our people, environment, and assets.



Staff Complement Growth



115%
STAFF
INCREASE

115% increase in staff complement from 46 in March 2022 to 99 in March 2023.



Talent Management and Succession Planning

Talent Management and Succession Planning were identified as critical factors for the survival and continuity of BOL in the face of the current national employment challenges, competition for critical skills and world-wide constraints prevalent in the Oil and Gas industry.

This financial year, our Talent Management and Succession activities were centered around developing and launching the Talent Management and Succession Planning Framework, identifying the mission critical roles, both current and future, across the Business, outlining the required skills and key knowledge areas for the critical roles, developing, and reviewing job profiles for the critical roles and articulating the required talent to execute the company's strategy and mandate.

To align key talent skills with business priorities, address current and anticipated operational challenges and future-proof the business while ensuring the safeguarding of critical business capabilities by building an internal talent marketplace and pipeline of successors, ahead of demand, with a focus on present and future critical roles.

As we prepare to intentionally develop industry specific skills, we are working towards finalizing the development of a solid succession pool. This is done through the identification of potential talent, generate career pathways, strengthen our retention and reward offerings. In addition we are preparing to identify talent for advanced placement.

Graduate Development Programme

During the reporting period, BOL introduced the "Future Oil Minds" Graduate Development Programme to build local Oil and Gas skills to accelerate career development and growth in the industry. It is intended to implement a component of the BOL Talent Management Strategy and Leadership Development Programme of building a talent pipeline, that will become future industry leaders in the diverse field of Oil & Gas. The program attracted Graduates who demonstrated impressive academic capability, a growth mindset and immense potential to form part of the BOL talent pipeline, that will become future industry leaders in the diverse field of Oil & Gas.

The Programme further supports the Government of Botswana's call for organizations to be intentional about nurturing Top Achieving Graduates and contribute to alleviating youth unemployment.

The company welcomed its first cohort of eight (8) Graduate Trainees in March 2023 and the Graduate Trainees were allocated and placed under the different departments including Engineering (x3), Strategy & Sustainability (x2), Supply (x2) and Legal (x1).

During the accelerated and highly developmental two (2) year Programme, the Graduate Trainees will develop skills that span across a variety of business functions, with a key focus on critical and future skills. The structured Programme will ensure that the candidates will split their exposure between their core department and rotate to different functions to provide them with an all-rounded experience of the entire business and enable them to apply, practice and reinforce new skills and knowledge in the Oil and Gas industry.

Training and Development

We continue to foster a learning and developmental culture within BOL, through the selection of training and development initiatives, balanced uptake of formal training and work-based learning and an emphasis on alignment to the years strategic and human capital objectives.

During this reporting period, the key training and development focus areas aimed at building technical and strategic capability, enhance leadership effectiveness, fulfill Health, Safety, Security, Environmental, Quality (HSSEQ) requirements, achieve certification in Project Management and capacitate knowledge for Compliance, Risk and Data Security Management.

We anticipate a greater ownership of development in the next financial year as we implement the e-learning platform and continue to drive professional development of our employees.

Leadership Development

It is our belief that the successful execution of the revised BOL Strategy hinges on the quality and competency of our leadership coupled with the assurance of a bench strength of talented employees who will assume substantive leadership and management positions to meet business requirements and propel BOL into the future. Our aim is to build a leadership cadre that can motivate, engage, and inspire our people to deliver on the vision and strategy; particularly now as BOL embarks on the implementation of the Strategic Projects. This includes the Debswana Fuel Supply and Fuel Facility Management Project, as well as the anticipated Import Mandate, which requires a Team that is equipped to constantly deal with the changing demands of operating in a global market.

During the reporting period, BOL embarked on the following leadership development activities geared at developing and strengthening the leadership cadre:

- Four (4) employees were enrolled in October 2022 for the Senior Management Development Programme and one (1) for Management Development Programme, respectively, with University of Stellenbosch Business School and successfully completed their studies and ultimately graduated on 10th March 2023.
- Two (2) Executive Management Acting Appointments and Additional Responsibility appointments which form part of our work-based developmental opportunities.
- All members of Executive Management and Senior Management were trained on Talent Management and Succession Planning to equip them to actively steer the process by managing, developing, and strengthening their talent pools.

Diversity and Inclusion

We endeavor to ensure that we have a workforce that represents a diverse range of backgrounds, perspectives and experiences and become a leading employer in Diversity and Inclusion within the Oil and Gas industry. We aim to make strides in increasing female representation and strive towards gender diversity in core functions of the Business (i.e. Engineering, Operations and Supply). During this financial year, we onboarded female Graduate Trainee Engineers who will be developed into Electrical and Process Engineers respectively. As a business, we look forward to increasing the Employment of Women in Engineering in the next intake.

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 Notably, we are approaching the achievement of gender parity at Executive Management level, with the composition of Females being 43% versus Males making up 57% at executive level, while overall, the gender diversity sits at 36% females and 64% males.

Employee Engagement

MAR-23	FEMALE	MALE
Board of Directors	2	5
Executive Committee	3	4
Senior Management	3	5
Graduate Trainees	3	5
All Employees	29	52
TOTAL	40	71





Culture Alignment Journey

Employee engagement is at the forefront of our Human Capital Agenda, a purpose driven, engaged, organisationally aligned, productive and agile employee is essential in implementing the BOL strategy and building a high-performance culture. As part of the process of defining change and identifying the transformative enablers, we conducted an Employee Engagement Survey and a Culture Assessment in 2022 to measure engagement levels and culture alignment. The results of the survey indicate that engagement levels were at 76% which is a positive progression compared to the score of 54% from the last survey conducted in 2019.

Subsequently, following the situational assessments and organizational analysis, change and transformation workshops were held as part of the culture transformation process. This enabled the development of the Culture Transformation Blueprint and Implementation Programme which was constructed to guide the culture transformation approach from the conceptual planning stage through to organizational-wide consultations and implementation. During the organizational assessment, employees provided feedback regarding the organizational context in BOL, relating to the workplace environment, the organizational capacity, and the leadership who drives the organizational processes.

The results highlighted the organisation's dynamics in general, and more specifically the organisation's strengths and developmental areas. The results further provided a way forward through a set of recommendations for BOL, geared at enabling the staff to work cohesively and collaboratively as one united High Performing Organization (HPO). Further considerations and feedback were provided by the appointed Change Agents in determining the direction in which BOL would redefine its operational context and creating an enabling environment that promotes conducive productivity and performance. The focal point for the next financial year is to implement the Culture Blueprint and Implementation Programme.

Employee Engagement Initiatives and Activities

BOL continued to implement other activities that are aimed at creating a compelling employee experience for employees such as the implementation of the Employee Recognition and Reward Programme which identifies ways to recognize and reinforce positive employee behaviours and performance that supports and is aligned to the mission, vision, corporate values, goals, and strategic objectives.

During the reporting period, the department hosted the Long Service Awards and the "Oil Minds" Recognition Awards which recognized different categories including CEO's Award, Ace Leader, Dream Team, Employee of the Quarter, Living the Values Awards (Teamwork, Continuous Improvement, Integrity, Commercial Excellence, Social Responsibility) and Socialite Award.

In addition, BOL hosted several activities for employees, the highlights were as follows:

- International Men's Day which created much needed dialogue around mental health, societal and cultural issues that affect the Motswana man, this was also a moment for the BOL men to reconnect, communicate and "check in" with each other as well as demystify and prioritize men's mental health.
- International Women's Day to recognise and celebrate all BOL women as well as spark conversation and collective action amongst women regarding the importance of developing their personal brand and prioritising "work-life balance", this was an inspiring and impactful session which assisted the women with practical steps towards building compelling brands, both personally and at a professional level.
- We continued to host Lekgotla Meetings to brief employees, on a quarterly basis, on business performance and developments as well as seize the opportunity to unite employees.



Corporate Social Responsibility

Botswana Oil Limited through its Corporate Social Responsibility Policy supports the implementation of the corporate strategy which seeks to make the company a good corporate citizen. The company is committed to ensuring that all CSR initiatives and social impact management align with the company's brand and enhance its visibility and awareness. These initiatives are aimed at community development, educational development, and protecting the environment. They are targeted towards the benefit of vulnerable, marginalized, disadvantaged, poor, and deprived members of the community, sports, arts and culture, and the environment.

As a National Oil Company operating in a dynamic and volatile industry, BOL has been engaged in various environmental, social and governance practices in the year under review. The Company has adopted the King IV Corporate Governance framework and has robust HSEQ&R Policy Framework and supporting procedures and plans.

Sustainability in the oil and gas industry is critical in that it facilitates effective management of available resources, investments, and technologies to maintain and optimize operations with an emphasis on safety, reliability, efficiency, environmental, social performance and awareness. The main pillars of sustainability are anchored on the environment, social responsibility, and economic factors.

In the year under review, the Company engaged on ESG, and sustainability initiatives guided by the Corporate Social Responsibility Policy through donations, sponsorships and participation in various community and corporate events. These include the Southern African Customs Union (SACU) Interstate Oil Committee seminar, the Debswana Golf fund raising tournaments and Charity walks. Some of the activities that the Company engaged in include:





Corporate Social Responsibility

Environmental, Social and Governance (ESG) awareness workshop

Driven by the CSI-Concepts Foundation Trust, BOL sponsored the Environmental, Social and Governance (ESG) awareness workshop held on the 16th -17th February 2023 under the theme, "Navigating through evolving ESG compliance, reporting requirements and stakeholder expectations for Botswana and SADC", the workshop was aimed at raising awareness and supporting inclusive and sustainable community development projects.

Installation of dustbins in the City of Francistown

The Company engaged the City of Francistown Council (CFC) and established areas of strategic partnerships to support the leadership of the city with some environment management activities. BOL donated thirty-five (35) dustbins which were installed around the bus rank, along Haskins Street, Blue Jacket Street, and St. Patrick Street to encourage the citizens to keep a safe and clean environment.

The Debswana Jwaneng Desert Bush Walk

BOL sponsored the Desert Bush Walk 2022, a fund-raising walk led by the General Manager of the Jwaneng Mine on the 30th of July 2022. It encourages participation of various Debswana partners to raise funds to improve the livelihoods of the community in Jwaneng and surrounding villages. BOL employees participated in good numbers with positive energies.

Y-Care Charitable Trust Annual Challenge

The Y-Care Charitable Trust held its 7th Annual Challenge, in which participants are encouraged to cover set distance per week or annually, running and cycling in a designated part of Botswana. During the run, the participants make stops in the various villages kgotlas along their route teaching, creating awareness and facilitating public screening for cancer and diabetes. Last year 22 villages were covered, and BOL sponsored Y Care Charitable Trust on this noble initiative.

Botswana Oil Supports Debswana in Social Performance Initiatives

Following Botswana Oil Limited (BOL) and Debswana Partnership, BOL took part and sponsored key Corporate Social Responsibility initiatives run by Debswana Company.

The company is exploring areas of common interest and to unlock citizen empowerment opportunities and to positively impact the citizens particularly the underprivileged communities. Since the inception of the contract, BOL sponsored various Debswana Diamond Company initiatives including the Orapa Chairty GMs Walk, the Orapa Diamond Golf Challenge and the Jwaneng Golf Day. The parties used these fun events to meet, greet, and get to know each other better. They also strengthened their relationships while working together on initiatives of social impact.







Through the Strategy and Sustainability business unit, BOL has started working on the development of the ESG and Sustainability Strategy and Framework to be implemented in the next financial year to ensure that ESG becomes an integrated feature in the execution of the company's strategic objectives.

Understanding and improving a Company's ESG performance can benefit the business in numerous ways, including improved financial performance, enhanced reputation and branding, and reduced risk of regulatory non-compliance. Therefore development and effective implementation of the envisaged ESG and Sustainability Strategy will benefit the Company in multiple ways from improved risk management, enhanced portfolio performance, making a positive impact on the environment and its communities. There is opportunity to achieve greater innovation and adaptability, attracting and retaining talent as per the talent management framework, strengthened regulatory compliance and most importantly contributing to global sustainability goals.

Financial Performance Highlights

BOL stood firm amid the tumultuous Russian/Ukraine conflict that rattled the petroleum industry with its price volatility and supply disruptions. Much like its global counterparts, the Botswana market was not immune to these effects. The supply of products from the preferred route (South Africa) was also hit, forcing us to source from alternative routes (Namibia and Mozambique) with an unproductive pricing structure. However, BOL's resilience shone through as we boosted our sales volumes through a newly acquired business and increased supply to the WBWS market in response to disruptions.

Despite the initial budgeted loss of P9 Million, BOL orchestrated a remarkable financial turnaround, culminating in a cumulative net profit of P99 million for the year. This feat is all the more impressive as it includes a refund of P35.7 million (exclusive of VAT) from the SSM fund by the Government for Depot management fees for 2017-2022. Our sales volumes underwent a significant revision from 130 million litres to 173 million litres mid-year. This was a direct response to Debswana's increased consumption and the overall surge in demand from IOCs and COOCs in the wake of supply disruptions in the market. In the fourth quarter, BOL further bolstered its volumes, entering into a sales contract with Vivo and Kwa-Nokeng, which propelled the volumes from 173 million litres to 187 million litres. Revenue was recorded at P2.5 billion compared to the budget of P1.8 billion due to higher sales volumes. The average selling price was P13.79 per litre compared to the budget of P13.75 per litre, a slight difference due to the additional 57 million litres in volumes.





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Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

CORPORATE INFORMATION

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 Office

Mr Martin Motsomi Makgatlhe	Chairman
Mr Meshack Tshekedi	Member/CEO
Ms Caroline Setshedi Botlhole-Mmopi	Member
Mr Motsile Stephen Sibanda	Member
Mr Nchena Zico Mothebe	Member
Ms One Pearl Batshabile	Member
Mr Judge Mogogi Mookodi	Member
Mr Kenneth G Matswiri	Member

Registered Office

Plot 54373
Petroleum House Matante Mews
Central Business District
Gaborone

Company Secretary

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

Auditor

PricewaterhouseCoopers
Plot 64289
Tlokweng Road
Gaborone

Bankers

Stanbic Bank of Botswana
Access Bank Botswana
Absa Bank
First National Bank Botswana
Bank Gaborone

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



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

Statement of Directors' responsibility

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 57 to 102 were authorised and approved for issue by the Board of Directors on _____ and are signed on its behalf by:

Chief Executive Officer
Meshack Tshekedi

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 2023, 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 57 to 102 comprise:

- the statement of financial position as at 31 March 2023;
- 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 comprises the information included in the document titled "Botswana Oil Limited Annual Financial Statements for the year ended 31 March 2023" which we obtained prior to the date of the auditor's report, and the document titled "Botswana Oil Limited Annual Report 2022/2023", which is expected to be available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial



Independent Auditor's Report



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.

Botswana Oil Limited Annual Financial Statements

AS AT 31 MARCH 2023

STATEMENT OF FINANCIAL POSITION

	Note(s)	2023 P	2022 P
Non-Current Assets			
Property, plant and equipment	8	4,809,286	2,746,956
Intangible assets	9	2,634,769	2,962,235
Right of use assets	10	14,203,924	2,793,416
Deferred tax asset	15	1,861,682	-
		23,509,661	8,502,607
Current Assets			
Inventories	11	89,335,855	20,348,144
Trade and other receivables	12	264,396,339	54,631,317
Investments	13	43,690,129	194,222,305
Cash and cash equivalents	14	823,385,175	76,465,777
		1,220,807,498	345,667,543
Total Assets			
		1,244,317,159	354,170,150
Equity			
Stated capital	16	113,127,939	113,127,939
Capital reserves	17	271,669,319	156,669,319
Retained earnings		(25,873,235)	(124,899,597)
		358,924,023	144,897,661
Non-Current Liabilities			
Lease liability	18	5,017,979	1,840,326
		5,017,979	1,840,326
Current Liabilities			
Lease liability	18	2,469,327	978,301
Shareholder's product loan	19	65,432,943	-
Government advances	20	476,583,392	127,363,324
Trade and other payables	21	335,889,495	79,090,538
		880,375,157	207,432,163
Total Liabilities			
		885,393,136	209,272,489
Total Equity and Liabilities			
		1,244,317,159	354,170,150



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2023 P	2022 P
Revenue	1	2,625,394,567	572,767,363
Cost of sales	2	(2,466,217,615)	(544,630,823)
Gross profit		159,176,952	28,136,813
Other operating income	3	7,569,663	12,222,180
Impairment gain on trade receivables	12	-	385,071
Administrative expenses	4	(110,497,352)	(69,609,436)
Profit from operations		56,249,263	(28,865,372)
Finance cost	5	(1,717,356)	(141,219)
Finance income	6	44,399,663	11,713,989
Profit/ (loss) before income tax expense		98,931,570	(17,292,602)
Income tax	7	94,792	-
Profit/ (loss) after income tax expense		99,026,362	(17,292,602)
Other comprehensive income		-	-
Profit/ (loss) for the year		99,026,362	(17,292,602)

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CASHFLOW

	Note(s)	2023 P	2022 P
Profit/ (loss)before income tax expense		98,931,570	(17,292,602)
Adjustments for:			
Interest expense	5	347,297	135,758
Interest income	6	(44,399,663)	(11,713,989)
Profit on disposal of assets	8	(27,726)	(20,776)
Taxation paid	7	(1,766,890)	-
Profit on lease cancellation	10&18	-	(324,917)
Depreciation, amortisation and impairment	8&9	4,007,773	4,138,461
Product loan- drawn from Government reserves	19	65,432,943	(16,018,512)
Unrealised foreign exchange loss on bank balances		33,578	117,820
Cash flows before working capital changes		122,558,882	(40,978,757)
(Increase) in inventories	11	(68,987,711)	(6,441,266)
(Increase) in trade and other receivables	12	(209,765,022)	(20,422,008)
Increase in trade and other payables	21	256,798,957	3,036,384
Net cash utilised by operations.		100,605,106	(64,805,647)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	8	(3,415,240)	(805,337)
Acquisition of intangible assets	9	(430,095)	(1,173,436)
Proceeds from disposal of assets		71,863	69,158
Upliftment of fixed deposits	13	186,630,174	16,915,953
Decrease/ (Increase) in BIFM investment	13	702,738	(2,841,245)
Investment relating to bank guarantees	13	(36,800,736)	-
Interest received	6	44,399,663	11,713,989
Net cash generated from investing activities		191,158,367	23,879,082
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liability	18	(2,046,066)	(1,874,015)
Upfront payment of rentals on acquired land lease	10	(6,984,500)	-
Proceeds from Government for projects and maintenance	20	101,744,224	70,588,824
Utilisation of Government funds on projects and maintenance	20	(76,614,898)	(39,532,589)
Outflow of funds for procurement of Government strategic fuel	20	(145,637,975)	(36,950,143)
Inflow of funds for procurement of Government strategic fuel	20	469,728,717	26,340,859
Cash injection by the shareholder	17	115,000,000	-
Net Cash generated from financing activities		455,189,502	18,572,936
Net increase/(decrease) in cash and cash equivalents		746,952,975	(22,353,629)
Unrestricted cash and cash equivalents at the beginning of the year		76,465,777	98,937,226
Effects of exchange rate movement on cash balance		(33,578)	(117,820)
Unrestricted cash and cash equivalents at year end		823,385,175	76,465,777



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CHANGES IN EQUITY

	Stated capital P	Capital reserves P	Accumulated loss P	Total equity P
Balance as at 1 April 2021	113,127,939	156,669,319	(107,606,995)	162,190,263
Loss for the year	-	-	(17,292,602)	(17,292,602)
Balance at 31 March 2022	113,127,939	156,669,319	(124,899,597)	144,897,661
Balance as at 1 April 2022	113,127,939	156,669,319	(124,899,597)	144,897,661
Profit for the year	-	-	99,026,362	99,026,362
Contribution for the year	-	115,000,000	-	115,000,000
Balance at 31 March 2023	113,127,939	271,669,319	(25,873,235)	358,924,023
	16	17		

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 for investments and shareholder's product loan that 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 2023 year end and are applicable to the company		
Number	Effective date	Impact on these Financial Statements
Annual improvements cycle 2018 -2020 IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.	Annual periods beginning on or after 1 January 2022	No impact on these financials statements
Amendments to IAS 16 Property, Plant and Equipment: 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 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 on these financials statements, as the company does not produce any assets
Amendments to IAS 37 Onerous Contracts— Cost of Fulfilling a Contract The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract	Annual periods beginning on or after 1 January 2022	No impact on these financials statements



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 New standards and Interpretations (continued)

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

International Financial Reporting Standards and amendments issued but not effective and are applicable to the company		
Number	Effective date	Impact on these Financial Statements
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
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences	Annual periods beginning on or after 1 January 2023. Earlier	No impact expected
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	Annual periods beginning on or after 1 January 2023.	No impact expected

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 under cost of sales.

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Capitalized costs include costs initially incurred to acquire an item of property plant and equipment or the cost to acquire an intangible assets. The cost of land and tax costs of acquiring it are recognized once the transfer of land is complete and ready for use.

Property, plant and equipment are carried at costs less accumulated depreciation and impairment losses. Depreciation is provided using the straight-line method to write down the cost when the asset is available for use as intended. Capital works in progress are not depreciated until fully completed and ready for use. This cost is less estimated residual value over the useful life of the property, plant and equipment which is as follows:

Item	Useful lifetime
Leasehold improvements	Over the operating lease period
Buildings - Porto cabins	10 years
Plant and Machinery	7 years
Furniture and fixtures	7 years
Motor vehicles	5 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 of internally and externally generated assets.

The cost may include development costs or acquisition costs of the new software and costs incurred subsequently to enhance the software less the impairment costs. 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



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets(continued)

The residual values and useful lives of property, plant and equipment and intangibles are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Impairment of non-financial assets

In respect of assets that are subject to depreciation or amortisation, the company assesses on 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 an 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 a 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.

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.

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement and recognition of leases as a lessee(continued)

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 item.

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 derecognised where:

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

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

Write off policy

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



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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 monthly interest 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.

At month end the closing inventory is valued using the unit rates as provided by the regulator. The valuation results in a gain or loss which is recognized in the SoCI under cost of sales.

The company also accounts for tank losses that may occur due to different factors such as leaks or evaporation in the cost of sales as stock written off.

Stock in transit losses that are within the tolerable range as per contractual agreements with transporters are recognized as stock losses in cost of sales. If losses are above tolerable range this is invoiced to the supplier and written off to cost of sales. The recoveries are treated as other income.

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade and other receivables

Recognition and classification

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are due within 14 days or upon exhaustion of credit limit are classified as current financial assets. Other receivables are nontrade amounts due to the company from different transactions that may occur during the year of operation like prepayments and VAT. 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 and subsequently at amortised cost using the effective interest method, adjusted for any loss allowances.

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

Impairment loss allowance

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

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

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

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 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).



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents (continued)

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 (16) 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 represent 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 as the funds are in substance a capital contribution and they are non-reciprocal in nature.

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

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions(continued)

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 Limited'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 a 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 the Government are recognized in the balance sheet as liabilities for either Government advance product purchasing or Government advance projects.

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 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 employees are charged to the statement of comprehensive income in the year to which they relate, and a payable is created.



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (continued)

The company recognizes the investment balance as an asset in the books of accounts as the fund is maintained and signed off by BOL management. A liability to date is also shown in the books of accounts as the company recognizes its contractual obligation to its employees. Movement in the funds of monthly contributions expense and net interest earned are also recognized as part of the investment. BOL recognises that it is liable to the employees for the gratuity despite investment with 3rd parties, 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 is determined as per the facility manager's 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.

The company uses the previous month's pricing throughout the current month and only adjusts prices at the end of each month after unit rates are published by passing a credit note or debit note. For this reason, the transaction price is only determined at month end and this pricing philosophy is understood and agreed by the parties involved.

The company also sells to Citizen entrepreneurship companies on a cash basis and there are no contracts in place.

Revenue debtors (IOC's) are required to settle their invoices within 14 days from the invoice date and sales to citizen entrepreneurs are on a cash basis.

Other Income

a. Sales of Services - Management fee - Fuel procurement

The entity sources fuel on behalf of the Government to replenish the Government Reserve Stocks managed by the entity. These costs are borne by the Government through the Ministry of Minerals and Energy. The entity earns a supply margin for the service provided.

Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Income (continued)

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 year 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 recognised.



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL RISK MANAGEMENT

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 as at year end was 1.39:1 against a target ratio of 1.40. All this is due to an increase in related party balances that need to be cleared off. This has inhibited the attainment of the target. The company continues to improve its cash by investing excess cash with low-risk financial institutions, robust debtors' collection measures were applied and engagement with suppliers for reasonable credit terms aided in improving the working capital.

Financial risk factors

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

The Board of Directors regularly reviews these risks and approves the risk management policies, which cover 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 2023 the company's financial assets and liabilities denominated in foreign currencies are:

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FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL RISK MANAGEMENT (Continued)

(i) Foreign currency risk (continued)

Bank balances

	Debit/(Credit) 2023 P	Debit/(Credit) 2022 P
United States Dollar	34,796	1,375,442
South African Rand	88,277,088	2,240,139
	88,311,884	3,615,581

Trade payables

	Debit/(Credit) 2023 P	Debit/(Credit) 2022 P
United States Dollar	(68,602)	(1,123,450)
South African Rand	(205,757,762)	(48,188,425)
	(205,826,364)	(49,311,875)

As at 31 March 2023, 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 P6,860(2022: P112,345) and P3,479(2022: P137,544) higher/lower, mainly as a result of foreign exchange gains/losses on translation of United States dollar denominated payables and bank balances respectively.

As at 31 March 2023, if the Botswana Pula had strengthened/weakened by 10% against the ZAR with all other variables held constant, post-tax profit for the year would have been P8,827,708(2022: P224,013) and P20,575,776 (2022: P4,818,842) higher/lower, mainly as a result of foreign exchange gains/losses on translation of South African rand denominated payables and bank balances respectively.

(ii) Cash flow and fair value interest rate risk

The company's exposure is limited to cash flow interest rate risk arising from the cash and cash equivalents held with banks and their investment in money market funds. The cash flow varies according to movements in underlying market rates. The balances held with counter parties are callable at the option of the company and are exposed to an insignificant risk of change in value. The counterparties are generally with financial institutions of high repute only. These include subsidiaries of international and regional institutions.

Amount subject to cash flow interest rate risk.

	2023 P	2022 P
Stanbic Bank Botswana Limited	736,935,394	140,856,128
First National Bank Botswana Limited	225,817	5,405,546
Access Bank	-	116,492,027
ABSA Bank	36,800,736	-
BIFM Gratuity Investment	6,889,393	7,592,131
Lease Liability	(7,487,306)	(2,818,627)
Total	773,364,034	267,527,205



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL RISK MANAGEMENT (Continued)

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

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 P7,733,640 (2022: P2 675 272).

(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 20 of the financial statements, the amount outstanding quantity of fuel loaned from the Government strategic reserve at the year-end date was P65,432,943 (2022: P-). The value of drawdowns on this loan is determined with reference to the value of fuel drawn from Government reserves measured at the published slate price per litre on the day of drawdown. Subsequently, the value of this liability will fluctuate based on changes in the published slate price per litre. During the current financial year, the company accounted for a gain of P22,502,051 (2022: P7,312,485) through an increase of this liability because of decreases 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.

The maximum amount subject to price risk as at 31 March 2023

	2023	2022
	P	P
Closing Inventory	89,335,855	20,348,144
Shareholder's product loan	(65,432,943)	-
Total	23,902,912	20,348,144

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 P239 029 (2022: P203 481).

(iv) Credit risk

The financial assets of the company which are subject to credit risk consist 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.

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL RISK MANAGEMENT (Continued)

(iv) Credit risk(continued)

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 12 shows that there was no loss allowance raised in 2023. The allowance raised is 0% (2022:0%) of the trade receivable balance. The low reduction in losses from prior year is due to the stringent collection measures in place. The Board has delegated responsibility for the oversight of credit risk to the CEO and the heads of business units through the credit risk committee.

Measurement of the expected credit loss allowance

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

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

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

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..



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL RISK MANAGEMENT (Continued)

(iv) Credit risk(continued)

The maximum amount subject to credit risk as at 31 March 2023

	2023 P	2022 P
Trade receivables (net)	157,155,636	24,242,144
Other receivables:		
Amounts due from related parties	56,302,197	20,166,358
Cash and cash equivalents	823,385,175	76,465,777
Investments	43,690,129	194,222,305
Total	1,080,533,137	315,096,584

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.

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.

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 do not include statutory liabilities.

As of 31 March 2023

	Less than 1 year P	Between 1 and 5 years P	Total P
Trade and other payables (excl statutory liabilities)	323,239,243	-	323,239,243
Lease liability	2,909,315	5,482,664	8,391,979
Government advances	476,583,392	-	476,583,392
	802,731,950	5,482,664	808,214,614

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FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL RISK MANAGEMENT (Continued)

(iv) Credit risk(continued)

As of 31 March 2022

	Less than 1 year P	Between 1 and 5 years P	Total P
Trade and other payables (excl statutory liabilities)	67,085,186	-	67,085,186
Lease liability	1,102,961	1,930,180	3,033,141
Government advances	127,363,324	-	127,363,324
	195,551,471	1,930,180	197,481,651



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FOR THE YEAR ENDED 31 MARCH 2023

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 on the balance sheet date.

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

Fair value estimation of financial assets

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

Level 1 - Unadjusted quoted prices in active markets for identical assets.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

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

As at 31 March

	2023	2022
	P	P
Investments (level 2)	6,889,393	7,592,131
	6,889,393	7,592,131

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).

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

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

- i. Choosing appropriate models and assumptions for the measurement of ECL.
- ii. Establishing groups of similar financial assets for the purposes of measuring ECL. In relation to forward looking macroeconomic 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.

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.

Changes in accounting estimates

As part of the fixed asset review policy, management performed an assessment of the useful lives and residual values for all assets. Management considered the condition of the assets, historical experience and general industry standards within the market in determining the revised useful lives and residual values of the assets.

The exercise was carried out to ensure that assets are carried at reasonable values in the financial records of the company and this assessment informed the increase or decrease in the useful lives and residual values of certain classes of assets.

Depreciation expenses for furniture and fittings increased by P 159,057 and depreciation expense for motor vehicles decreased by P 79 103 as a result of the change in these estimates.

The changes in estimates have been applied from 1 April 2022 which was the effective date of the changes.

ASSET CATEGORY	PRIOR YEAR USEFUL LIFE	REVISED USEFUL LIFE
Leasehold improvements	Over the operating lease period	Over the operating lease period
Buildings - Porto cabins	10 years	10 years
Plant and Machinery	7 years	7 years
Furniture and fixtures	10 years	7 years
Motor vehicles	4 years	5 years
Office equipment	7 years	7 years
IT equipment	4 years	4 years



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

Changes in accounting estimates(continued)

ASSET CATEGORY	PRIOR YEAR RESIDUAL VALUE	REVISED RESIDUAL VALUE
Leasehold improvements	No residual value	No residual value
Buildings - Porto cabins	10% value of cost	10% value of cost
Plant and Machinery	No residual value	10% value of cost
Furniture and fixtures	No residual value	10% value of cost
Motor vehicles	25% value of cost	25% value of cost
Office equipment	No residual value	10% value of cost
IT equipment	No residual value	No residual value

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FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	2023 P	2022 P
Sale of petroleum products		
Diesel	2,259,147,089	355,604,145
Petrol	320,773,397	214,309,819
A1 Jet Fuel	1,712,316	-
	2,581,632,802	569,913,964
Management fees on product related works:		
Management fees from replenishing strategic reserves	3,571,399	2,583,672
Depot management recovery fees	35,714,286	-
Management fees Debswana	4,365,460	-
Throughput Income	110,620	-
	43,761,765	2,583,672
Total Sales Revenue	2,625,394,567	572,497,636
Revenue from sale of petroleum products has been further disaggregated as follows:		
Sales to Government owned entities	18,920,995	12,048,113
Sales to commercial customers	2,562,711,807	557,865,851
	2,581,632,802	569,913,964
Management fees from replenishing of strategic reserves were previously recognised under other operating income but have been reclassified to revenue in the current financial year.		
2. Cost of sales		
Finished goods	(2,439,405,303)	(559,803,762)
Inventory gain/(loss)	4,343,937	(250)
Stock loan revaluation gain/(loss)	22,502,051	(7,312,485)
Slate (over)/under recovery	(26,390,522)	17,005,364
Own stock (loss)/ gains on revaluation	(19,781,736)	7,854,665
Loss in transit	(2,851,178)	(23,460)
Realised loss on forex	(5,402,536)	(1,659,805)
Unrealised gain/ (loss) on forex	767,672	(691,090)
	(2,466,217,615)	(544,630,823)



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Other operating income

	2023 P	2022 P
Profit on disposal of assets	27,725	345,607
Tender fee	671,348	160,974
XTL reimbursement	6,578,791	9,396,773
Diseconomy refund	-	2,307,894
HRDC claim trainings	289,239	-
Disposals of scraps	2,560	6,077
Pension refunds	-	4,855
	7,569,663	12,222,180

4. Profit /(loss) from operations is stated after charging the following items:

Auditors' remuneration - audit fees	540,012	328,938
Advertising and marketing costs	3,408,394	2,066,918
Administration costs	10,858,261	2,723,059
Consultancy fees	19,542,403	11,020,832
Depreciation amortisation and impairment costs	4,007,773	4,138,461
Health safety security and environmental costs	1,222,723	1,060,012
ICT costs	4,929,638	3,722,662
Professional costs	944,012	819,607
Training and travel costs	9,722,147	2,609,561
Utility costs	1,595,139	1,253,999
Employee costs include:		
Salaries and allowances	44,212,513	32,356,635
Gratuity expense	5,969,157	4,415,088
Pension expense	2,357,536	1,846,176
Severance	13,377	20,110
Leave costs	1,174,267	1,227,378
	110,497,352	69,609,436

5. Finance Cost

Exchange loss - unrealised	(530,286)	-
Exchange loss - realised	(839,773)	(5,461)
Interest on lease liability	(347,297)	(135,758)
	(1,717,356)	(141,219)

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Finance income

	2023 P	2022 P
Interest income	43,512,239	11,565,450
Exchange gains - unrealised	-	148,539
Exchange gain- realised	887,424	-
	44,399,663	11,713,989

7. Income tax expense

Current income tax

The entity is liable to income tax at the rate of 22%.

Reconciliation of accounting profit before tax

Major components of the tax expense

Current tax

Basic company tax

Deferred tax

Originating and reversing temporary differences

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense

Accounting profit from continuing operations

Tax at the applicable rate

Tax effects of adjustments on the taxable income

Non-deductible rental payments

Depreciation on passenger motor vehicles excess cost

Previously unrecognized deferred tax on assessed losses

	1,766,890	-
	(1,861,682)	-
	(94,792)	-
	98,931,570	(17,292,602)
	21,764,945	-
	8,931	-
	19,765	-
	(21,888,433)	-
	(94,792)	-



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The company has brought forward tax losses of P99,492,879 (2022: P90,946,854) to set off against any future taxable profits.

Accumulated assessed loss.

TAX YEAR	LOSS FOR THE YEAR P	LOSS UTILISED P	LOSS FALLEN AWAY P	LOSS C/FORWARD P	FALLS AWAY IN TAX YEAR
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
2023	-	99,492,879	-	-	
	-	-	-	-	

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Property, plant and equipment

Year-ended 31 March 2022

	Buildings - Porto- Cabins P	Plant and equipment P	Motor vehicles P	Furniture and fittings P
At cost	373,348	318,799	2,595,330	3,054,817
Accumulated depreciation	(271,732)	(280,730)	(1,546,423)	(2,248,330)
Net book value	101,616	38,069	1,048,907	806,487

Year-ended 31 March 2022

Opening net book amount	124,735	49,674	1,315,624	867,958
Additions	13,055	-	-	226,360
Disposals	-	-	-	-
Depreciation charge	(36,174)	(11,605)	(266,717)	(287,831)
Depreciation on disposals	-	-	-	-
Closing net book value	101,616	38,069	1,048,907	806,487

Year-ended 31 March 2023

	Buildings - Porto- Cabins P	Plant and equipment P	Motor vehicles P	Furniture and fittings P
At cost	373,348	284,587	3,290,830	3,161,674
Accumulated depreciation	(308,838)	(278,750)	(1,824,732)	(2,624,394)
Net book value	64,510	5,837	1,466,098	537,280

Year-ended 31 March 2023

Opening net book amount	101,616	38,069	1,048,907	806,487
Additions	-	-	695,500	226,277
Transfers	-	(29,324)	-	-
Disposals	-	-	-	(116,421)
Impairment of assets	-	-	-	11,000
Depreciation charge	(37,106)	(2,908)	(278,309)	(493,673)
Depreciation on disposals	-	-	-	103,609
Closing net book value	64,510	5,837	1,466,098	537,279

There is no PPE with restricted title or pledged as security



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

IT equipment P	Leasehold improvements P	Office equipment P	Capital Works In Progress P	Total P
3,551,690	2,064,035	151,424	-	12,109,443
(2,870,777)	(1,995,049)	(149,446)	-	(9,362,487)
680,913	68,986	1,978	-	2,746,956

572,872	254,467	10,474	-	3,195,804
532,572	25,000	8,350	-	805,337
(107,985)	-	-	-	(107,985)
(376,383)	(210,481)	(16,846)	-	(1,206,037)
59,837	-	-	-	59,837
680,913	68,986	1,978	-	2,746,956

IT equipment P	Leasehold improvements P	Office equipment P	Capital Works In Progress P	Total P
5,209,079	2,064,035	197,733	641,758	15,223,044
(3,174,643)	(2,032,705)	(169,696)	-	(10,413,758)
2,034,436	31,330	28,037	641,758	4,809,286

680,913	68,986	1,978	-	2,746,956
1,839,608	-	12,097	641,758	3,415,240
-	-	29,324	-	-
(182,218)	-	-	-	(298,639)
-	-	-	-	11,000
(443,759)	(37,656)	(15,362)	-	(1,308,773)
139,893	-	-	-	243,502
2,034,437	31,330	28,037	641,758	4,809,286

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FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Intangible assets

Year-ended 31 March 2022

	Other software	SAP oil in one	Capital work in progress	Total
	P	P	P	P
At cost	589,699	11,084,633	-	11,674,332
Accumulated depreciation	(331,552)	(8,380,545)	-	(8,712,097)
	258,147	2,704,088	-	2,962,235

Year-ended 31 March 2022

Opening net book amount	318,931	2,605,082	59,913	2,983,926
Additions	36,000	1,137,436	-	1,173,436
WIP capitalised	59,913	-	(59,913)	-
Disposals	(1,159,291)	(1,594,825)	-	(2,754,116)
Depreciation charge	(156,622)	(1,038,271)	-	(1,194,893)
Depreciation on disposals	1,159,216	1,594,666	-	2,753,882
	258,147	2,704,088	-	2,962,235

Year-ended 31 March 2023

	Other software	SAP oil in one	Capital work in progress	Total
	P	P	P	P
At cost	589,699	11,084,633	430,095	12,104,427
Accumulated depreciation	(423,651)	(9,046,007)	-	(9,469,658)
	166,048	2,038,626	430,095	2,634,769

Year-ended 31 March 2023

Opening net book amount	258,147	2,704,088	-	2,962,235
Additions	-	-	430,095	430,095
Depreciation charge	(92,100)	(665,461)	-	(757,561)
	166,047	2,038,627	430,095	2,634,769

SAP Oil in One ERP had a carrying amount of P2 038 624 (2022: P2,704,088) at the reporting date with a remaining amortisation period of 3 years (2022: 4 years)



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Right of use assets

	2023 P	2022 P
At cost	16,407,246	3,055,299
Accumulated depreciation	(2,203,322)	(261,883)
Net book amount	14,203,924	2,793,416
Reconciliation of the right of use asset		
Opening balance NBV	2,793,416	2,895,889
Additions- office building	2,821,959	3,055,299
Additions- motor vehicle leased	3,545,488	-
Additions- land leased	6,984,500	-
Disposal	-	(1,420,241)
Depreciation charge	(1,941,439)	(1,737,531)
Closing net book value	14,203,924	2,793,416
There is no right of use assets with restricted title and or pledged as a security.		
11. Inventories		
Fuel inventory	55,671,218	15,093,202
Fuel supplies in transit	33,664,637	5,254,942
	89,335,855	20,348,144

Reconciliation of stock movement

	2023		2022	
	QTY in litres	P	QTY in litres	P
Opening Stock	1,757,897	20,348,144	138,854	912,874
Sales	(187,362,716)	(2,564,987,698)	(63,812,946)	(544,630,823)
Receipts	177,249,015	2,437,301,114	65,083,065	555,471,036
Drawdown	7,068,688	93,232,778	2,291,192	26,170,188
Tank losses	303,947	4,343,937	(2,678)	(22,856)
Product loan balance/(payment)	5,604,727	65,432,943	(2,384,960)	(22,807,217)
Stock in transit	3,277,160	33,664,637	445,370	5,254,942
Closing stock	7,898,718	89,335,855	1,757,897	20,348,144

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Trade and other receivables

	2023 P	2022 P
Trade receivables	154,966,321	22,604,296
Trade receivable- Government entities	2,189,315	1,637,848
Withholding tax receivables	2,639,844	2,808,812
Value added tax receivable	3,501,444	1,474,619
Diseconomies of scale recoveries from the Government	55,715,921	-
Slate recoveries from the Government	-	18,539,655
Government project funds receivable	586,276	1,626,703
Upfront payments to contractors to facilitate project commencement	15,993,283	4,726,849
Advance payments to suppliers of petroleum products	27,685,109	-
Other receivables	1,118,826	1,212,535
	264,396,339	54,631,317

Expected credit loss rate

	2023 Estimated gross carrying amount P	2023 Loss allowance (Lifetime expected) P	2022 Estimated gross carrying amount P	2022 Loss allowance (Lifetime expected) P
Less than 30 days past due -%	157,155,636	-	23,038,157	-
31- 60 days past due 100% - (2022:1.1%)	-	-	1,189,968	-
61- 90 days past due - 50% (2022:2.7%)	-	-	14,019	-
Total	157,155,636	-	24,242,144	-

Reconciliation of loss allowances

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

	2023 P	2022 P
Balance at the beginning of the year	-	385,071
Reversal raised during the year	-	(385,071)
	-	-

The allowance raised is 0% (2022:0%) of the trade receivable balance. This is attributable to the short credit period awarded to the customers and stringent collection measures put in place by management to recover any outstanding debts. This assessment is in-line with prior years where loss allowance was raised at 0%.



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Investments

	2023 P	2022 P
Fixed deposits	-	186,630,174
Employees gratuity invested at Botswana Insurance Fund Management (BIFM)	6,889,393	7,592,131
Absa bank guarantee	36,800,736	-
	43,690,129	194,222,305

The company has a bank guarantee of P36,800,736 (R50,000,000) with ABSA bank to secure its credit limit with one of its fuel suppliers. These amounts are kept at the bank earning interest at a rate of 6.2% that will be redeemed at the end of November 2023.

The company has an investment of its employee's gratuity with a professional fund manager Botswana Insurance Fund Management (BIFM). The purpose of this investment is to earn interest which can be used to settle the gratuity accrual relating to employees upon demand.

14. Cash and cash equivalents

	2023 P	2022 P
Cash at bank	823,385,076	76,461,887
Cash on hand	99	3,890
	823,385,175	76,465,777

15. Deferred tax

Deferred tax asset

Lease Liability	(1,647,207)	-
Non-residential fee adjusted	(1,549,339)	-
Provision for bonus	(694,898)	-
Total deferred tax asset	(3,891,444)	-

Deferred tax liability

Right of use assets	1,588,273	-
Unrealised exchange gains	52,225	-
Intangible assets	343,842	-
Accelerated capital allowances (PPE)	45,422	-
Total deferred tax liability	2,029,762	-

Deferred tax asset	(3,891,444)	-
Deferred tax liability	2,029,762	-
Total net deferred tax asset	1,861,682	-

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Deferred tax(continued)

Reconciliation of deferred tax asset

At the beginning of the year

Net deferred tax asset

Charge to income statement

	2023 P	2022 P
At the beginning of the year	-	-
Net deferred tax asset	(1,861,682)	-
Charge to income statement	1,861,682	-

The company's management is certain that the deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

16. Stated capital

123 127 938 (2022: 123 127 938) ordinary shares of no-par value

	2023 P	2022 P
	113,127,939	113,127,939
	113,127,939	113,127,939

17. Capital reserves

Capital reserves represents cash received from the shareholder through Security of Supply Margin ("SSM") fund to the value of P271,669,319 (2022: P156,669,319) for working capital purposes.

The SSM was introduced by the Government in response to a cabinet memorandum which was seeking to capitalise BOL. The SSM was introduced in the pricing of slate and was measured at P0.175 per litre on all regulated petroleum products.

This margin was collected at retail level by fuel suppliers over a 5-year period with the intention of collecting P1.04 billion to be utilized to fund projects which are aimed at facilitating efficiency and security of supply of petroleum products for Botswana."

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.

18. Lease liabilities

Minimum lease payments due

Within one year

In second to fifth year inclusive

Later than 5 years

less: future finance charges

Present value minimum lease payments

	2023 P	2022 P
Within one year	2,909,315	1,102,961
In second to fifth year inclusive	5,327,214	1,930,180
Later than 5 years	155,450	-
	8,391,979	3,033,141
less: future finance charges	(904,673)	(214,514)
Present value minimum lease payments	7,487,306	2,818,627



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Lease liabilities (continued)

	2023 P	2022 P
Non- current liability	5,017,979	1,840,326
Current liabilities	2,469,327	978,301
	7,487,306	2,818,627
Movement in lease liability		
Balance at the beginning of the year	2,818,627	3,246,743
Additional liability	6,367,448	3,055,299
Cancellation of lease	-	(1,745,158)
Lease rental payment	(2,046,066)	(1,874,015)
Interest on lease liability	347,297	135,758
Balance at end of year	7,487,306	2,818,627

The entity entered into a commercial lease for two office premises. The lease period for one of these contracts is three years with an option to renew while the lease period for the other is 4 years. Future minimum rentals payable under non - cancellable leases as at year end are as stated above.

The company also entered into a lease agreement for 6 vehicles. This was to facilitate the smooth running of the additional activities arising from the supply contract with Debswana. Two of these cars shall be leased for 5 years whilst four of the cars shall be leased over 3 years. BOL entered into a land lease agreement with Botswana Innovation Hub (BIH) for 37 years and there is no option for renewal. An upfront payment amounting to P6 543 500 was made to the lessor and hence no lease liability was recognized as a result of this arrangement.

19. Shareholder's Product loan

	2023 P	2022 P
Product loan	65,432,943	-
	65,432,943	-

The movement of the product loan is reflected below:

	2023		2022	
	QQTY in litres	P	QTY in litres	P
Balance as at beginning of year	-	-	2,384,964	16,018,523
Utilisation by BOL	73,625,602	977,115,206	15,839,397	133,700,650
Replenishment to the strategic reserves	(68,043,990)	(889,445,531)	(18,224,361)	(157,031,658)
Tank losses	23,114	265,319	-	-
Measurement adjustment to cost of sales	-	(22,502,051)	-	7,312,485
Balance at the end of the year	5,604,726	65,432,943	-	-

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Shareholder's Product loan (continued)

The measurement adjustment at each month-end resulted in a gain of P22,502,051 (2022: P7,312,485) representing the impact of the price movement 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) have 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.

20. Government advances

Strategic Reserves Procurement
Depot Projects and Maintenance

	2023 P	2022 P
Strategic Reserves Procurement	379,573,546	55,482,804
Depot Projects and Maintenance	97,009,846	71,880,520
	476,583,392	127,363,324

The movement in Government advances is reflected below:

	2023			2022		
	Strategic Reserves procurement advance P	Depot maintenance and projects P	Total Government funds P	Strategic Reserves procurement advance P	Depot maintenance and projects P	Total Government funds P
Balance at the beginning of the year	55,482,804	71,880,520	127,363,324	66,092,088	40,824,285	106,916,373
Utilisation	(145,637,975)	(76,614,898)	(222,252,873)	(36,950,143)	(39,532,589)	(76,482,732)
Cash injection	469,728,717	101,744,224	571,472,941	26,340,859	70,588,824	96,929,683
Balance at the end of the year	379,573,546	97,009,846	476,583,393	55,482,804	71,880,520	127,363,324

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

BOL received funding through the Department of Energy towards specific projects during the year. Expenditure relating to these projects for the year has been charged off to the relevant Government assets accounts at the year end. The advanced balances as at year end represent the amounts remaining to be spent on the respective projects in the future.



Botswana Oil Limited

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FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Trade and other payables

	2023 P	2022 P
Trade payables	250,691,400	62,075,358
Other payables		
-Accruals	7,864,425	2,844,649
-Payroll accruals	12,650,252	12,005,352
-Slate liability	50,749,771	-
-Debswana project funds	3,004,474	-
-Retention	2,674,262	427,446
-Downpayments received	2,941,985	518,945
-Fuel levies	3,887,246	125,324
-Other	1,425,680	1,093,464
	335,889,495	79,090,538

22. 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:

	2023 P	2022 P
Trade and other receivables (measured at amortised cost)	258,255,051	50,347,886
Cash and cash equivalents (measured at amortised cost)	860,185,911	76,465,777
Investments (designated at fair value)	43,690,129	194,222,305
	1,162,131,091	321,035,968

23. Financial liabilities 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:

	2023 P	2022 P
Trade and other payables (measured at amortised cost)	323,239,243	67,085,186
Lease liability (measured at amortised cost)	7,487,306	2,818,627
	330,726,549	69,903,813

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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 and as such balances due from government are deemed as low risk. 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 19 and note 20 of the financial statements.

BOL generates revenue through the 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 who have the responsibility for planning, directing and controlling the activities of the Company directly or indirectly. For the company, this includes the directors (executive and nonexecutive) and managerial staff.

Details of transactions during the year:

Sales of fuel to Government departments

Details of balances at the year-end date:

Amounts receivable from Government owned entities

Amounts payable to Government owned entities

Key Management Personnel

Directors Emoluments

For services as directors

Executive management

Year-end payable balances

Gratuity payable

	2023 P	2022 P
Sales of fuel to Government departments	18,920,995	12,048,113
	18,920,995	12,048,113
Amounts receivable from Government owned entities	58,491,512	21,804,206
Amounts payable to Government owned entities	592,766,104	127,363,324
	651,257,616	149,167,530
For services as directors	513,450	334,500
Executive management	12,498,713	7,146,215
	13,012,163	7,480,715
Gratuity payable	6,878,538	7,581,277
	6,878,538	7,581,277



Botswana Oil Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. 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 has made a profit of P99,026,362 (2022: -P17,292,602) in the current year as of 31 March 2023.

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

- a) Cost-saving measures, which can be implemented to reduce variable costs and increase efficiency.
- b) To continue investing up to 80% of cash in hand so as to maximise interest earned.
- c) Continue the use of alternative routes like Namibia and Mozambique to source fuel in case of disruptions in South Africa
- d) Signed up a 5-year contract with Debswana for bulk supply of fuel

26. Guarantees

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 Asycuda account for customs clearing on fuel. There are no other contingent liabilities and assets as at the end of 31 March 2023.

27. 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.

Botswana Oil Limited Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

The following supplementary information does not form part of the annual financial statements and is unaudited :

DETAILED STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2023 P	2022 P
Revenue			
Sale of petroleum products	1	2,625,394,567	572,767,636
Cost of sales			
Cost of goods sold	2	(2,466,217,615)	(544,630,823)
Gross profit		159,176,952	28,136,813
Other operating income			
Other operating income (3)	3	7,569,663	12,222,180
Impairment gain on trade receivables			
Bad debt provision reversal		-	385,071
Administrative expenses			
Administration costs		(1,329,904)	(991,522)
Advertising and promotions		(3,408,394)	(2,066,918)
Health safety security and environment		(1,222,723)	(1,060,012)
ICT cost		(4,799,018)	(3,722,663)
Personnel management		(3,492,788)	(1,735,081)
Professional services		(4,631,483)	(2,772,603)
Professional services - Government projects		(16,394,945)	(9,396,773)
Repairs and maintenance		(6,908,483)	(104,671)
Service contracts		(272,365)	(250,642)
Staff costs		(53,640,988)	(39,836,038)
Telephone costs		(1,014,956)	(754,752)
Training costs		(2,270,678)	(1,359,653)
Travel and accommodation		(6,347,707)	(941,382)
Utilities		(460,966)	(451,861)
Depreciation expense		(4,007,773)	(4,138,461)
Printing and stationery		(294,181)	(26,405)
Profit/ (loss) from operations		56,249,263	(28,865,646)
Finance Income			
Interest Income	6	43,512,239	11,565,450
Foreign exchange gains	6	887,424	148,540
Finance cost			
Foreign exchange losses	5	(1,370,059)	(5,461)
Interest expense	5	(347,297)	(135,758)
Profit before income tax expense		98,931,570	(17,292,602)
Income tax	7	94,792	-
Profit after income tax expense		99,026,362	(17,292,602)

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