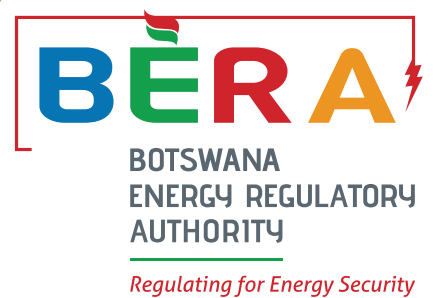
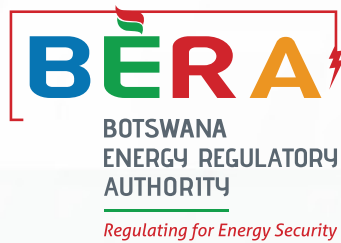


ANNUAL REPORT 2022





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Botswana Energy Regulatory Authority (BERA) exists to regulate the energy sector to ensure a competitive environment in accordance with international best practice. Our core responsibility is to provide an efficient energy regulatory framework for regulated sector with the primary mandate of providing the economic regulation of the sector. Economic regulation will enable the private sector to play an active role in asset formation in order to enable delivery of services that will be reliable, affordable and of good quality, not losing sight of the need to protect the environment. In addition, BERA provides technical advisory role by prescribing standard operating procedures that licensees must comply with. As an independent energy regulator, we are also working to protect the interests of current and future energy consumers, customers and licensees.

The Botswana Energy Regulatory Act has a multi-sector focus and provides BERA with an oversight role over the electricity, petroleum products, coal, natural gas, bio-energy, solar energy and renewable energy resources. In terms of the Act, BERA shall be responsible for setting and maintaining service standards; ensuring sustainable and secure supplies in the energy sector; protecting and preserving the environment; and maintaining best international regulatory practice. The Authority was established by the Botswana Energy Regulatory Act of 2016 and started its operations on the 1st September, 2017.

OUR MANDATE

The Botswana Energy Regulatory Authority ("BERA") is a statutory body established in terms of the Botswana Energy Regulatory Authority Act, 2016 (Act No 13 of 2016 ("BERA Act") to regulate the energy sector in Botswana. The regulated sectors include electricity, petroleum products, natural gas, coal, bio-energy, solar energy, renewable energy resources and other energy resources. These sectors are regulated in terms of the BERA Act and respective regulated sector legislation.

BRAND PROMISE:
Regulating for energy
security.



VISION

To be recognised among the leading energy regulators in the world for achieving energy security.



MISSION

To regulate the energy sector in accordance with legislation and best international practices in support of energy security, sustainable development and socio-economic outcomes.



VALUES

Excellence: We perform every activity to a high level of distinction, quality, courteousness and professionalism.

Integrity: All our actions are above board and beyond reproach.

Teamwork: We work together in everything we do.

Accountability: We own up and take responsibility for our actions.

Transparency: We commit to conduct our business in an open manner.

Impartiality: Our actions and decisions are free from any external influences and are fair.

HIGHLIGHTS ON NATIONAL OUTCOMES

ELECTRICITY SUPPLY INDUSTRY

ELECTRICITY
DEMAND MET BY
LOCAL GENERATION



2020/21 - 69%
2021/22 - 52%

% POPULATION
WITH ACCESS
TO ELECTRICITY



2020/21 - 66%
2021/22 - 69%

% CONTRIBUTION
OF SOLAR TO THE
TOTAL ELECTRICITY
GENERATED



2020/21 - 1.25%
2021/22 - 0.72%

LEVEL OF AVOIDED
EMISSIONS OF
GREEN HOUSE
GASES



2020/21 -
23 Gg of CO₂

2021/22 -
27.9 Gg of CO₂

OIL AND GAS INDUSTRY



AVERAGE STRATEGIC
FUEL RESERVES
DAYS COVER

2020/21 - 11
2021/22 - 13.4



AVERAGE
COMMERCIAL FUEL
RESERVES DAYS COVER

2020/21 - 11
2021/22 - 5

OPERATIONAL HIGHLIGHTS

% AVERAGE PERFORMANCE
LEVEL OF OPERATORS IN THE
ELECTRICITY INDUSTRY

2020/21 - 52%
2021/22 - 57%

% AVERAGE PERFORMANCE
LEVEL OF OPERATORS
IN THE OIL INDUSTRY

2020/21 - NOT RATED
2021/22 - 76%

% CONSUMER COMPLAINTS
RESOLVED WITHIN 3 MONTHS

2020/21 - 80%
2021/2022 - 75%

ELECTRICITY
REGULATORY INDEX

2020/21 - 0.336
2021/22 - 0.451

COMPLIANCE TO REGULATORY
REQUIREMENTS BY LICENSES

2020/21 - 86%
2021/22 - 87%

% ADHERENCE TO PROJECT
PLAN BY LICENSEES WW

2020/21 - 73%
2021/2022 - 60%

FINANCIAL HIGHLIGHTS

	2022
	Amount in BWP
Comprehensive income	
Grants and subventions	49,631,746
Other income	3,768,605
Operating expenses	(54,208,051)
Operating surplus / (deficit)	(807,700)
Finance income	81,980
Finance cost	(150,315)
Surplus / (deficit) for the year	(876,035)
Financial position	
Total assets	45,587,941
Accumulated deficit	(1,511,005)
Total liabilities	47,098,946
Total funds and liabilities	45,587,941
Financial ratios	
Subvention as a % of total income	99.98%
% Revenue collected from the industry	



MR JUSTICE THEBE MOILWA
BOARD CHAIRPERSON

It is my pleasure to present our Annual Report for the financial year 2021/2022, which ended on 31st March 2022. I am pleased to confirm that in the year under review the Board has continued to provide strategic direction in execution of the mandate for the Botswana Energy Regulatory Authority, as espoused in the BERA Act of 2016. The Authority continued with its paramount responsibility, as stipulated under Section 6 of the BERA Act, of regulating the energy sector; being electricity, petroleum products, coal, natural gas, bio energy, solar, renewable energy resources and other energy resources. The year under review was the first year in implementing the revised Corporate Strategy of the Authority, whereby the Authority committed to striving towards being among the leading energy regulators in the region for achieving energy security.

It is worth noting that the Authority continued to execute its paramount mandate of regulating the energy sector under the most challenging times. The period has been challenging in the sense that Botswana is currently going through a reset and transformation agenda, therefore regulators such as BERA had to ensure that they and their regulated sectors begin to transform and align themselves with the national transformation agenda. Furthermore, the year has seen major challenges because the SADC region was faced with a huge energy crisis, characterised by electricity deficits and increase in petroleum products prices especially in the last quarter of the year under review due to the Ukraine/Russia war. This happened at the time when the economy had started to adjust from the effects of Covid 19 pandemic. Nonetheless, the Authority was able to achieve most performance targets, amidst the challenges affecting the global and local economy. I am pleased to share some of these performance highlights below.

SECURITY OF SUPPLY AND SECTOR TRANSFORMATION

BERA continued with issuance of licences to Independent Power Producers (IPP's) whose

generation will contribute towards the country becoming secure in electricity supplies. During the year under review, several construction projects for embedded generators enrolling into the Roof Top Solar (RTS) programme were started. These were mainly corporate institutions, who took the lead on these projects. Most of the IPP's will be producing from cleaner sources such as natural gas, commonly known as Coal Bed Methane (CBM) or from renewable energy sources such as solar photovoltaic (PV). For this financial year, the contribution of renewable energy to the total energy supply mix increased to 0.72% against a target of 0.96%. The Biofuel Guidelines launched by the Honourable Minister of Minerals and Energy in February 2022 will also help Botswana produce fuels for themselves and reduce the country's dependence on conventional fuels.

REGULATORY EFFICACY

Compliance and performance monitoring of licensees continued in this financial year and a compliance level of 86% was reported due to intensified and increased monitoring programmes. Monitoring of projects that are under construction started in this financial year and their progress is being tracked on a quarterly basis.

The electricity regulatory index (ERI) conducted by the African Development Bank for all African regulators yielded a 0.451 score against a target of 0.4. This was a clear indication that though we still have a lot of work to do, there was movement in the direction towards the goal of being a leading and recognised energy regulator.

STAKEHOLDER MANAGEMENT AND COMMUNICATION

In fulfilling one of its strategic themes of improving stakeholder management, BERA ensures that its stakeholders are informed about every critical regulatory decision taken. In this regard, the Authority continued to engage the public through various media platforms on price adjustments, compliance issues and enforcement decisions. As part of the Authorities efforts towards

improving accessibility of information and services, BERA initiated a procurement process for service providers who will develop an interactive website and a licensing management system. This was intended to ensure that our outreach to customers and stakeholders is improved with shortened turnaround times.

FINANCIAL SUSTAINABILITY

Whilst we rely entirely on Government Subvention to fund all our regulatory activities, it is our goal to see the Authority achieving financial autonomy and levying fees for the services rendered to the sectors we serve. During this financial year, the Authority completed its Fee Structure Proposal and handed it to Government, however, the process was kept on hold owing to the current economic challenges such as high inflation rates and increasing fuel prices. It is important to note however, that BERA's reliance on Government subvention does not only strain the national treasury but also deprives Batswana an opportunity of the funds being channelled to other budgetary requirements at national level. Despite this, we are delighted that we have maintained our goal of ensuring financial accountability by receiving an unqualified financial audit opinion for the year under review. We pledge to maintain this untainted record and safeguard the trust that the citizens of our country have bestowed on us.

HUMAN CAPITAL

Our most valued asset at BERA is our people because regulation is human capital intensive.

As such, we place much value on our employees and have continued to strengthen our efforts in retaining all our employees during this financial year. In the year under review the Authority commenced a restructuring project with its main purpose being to review the existing organisational structure with a view to optimise it and eliminate any overlaps of functions across the different departments. As at year end the project is ongoing and is expected to be completed within the coming financial year.

2022/23 OUTLOOK

In our endeavour to ensure that all projects in the strategic plan are completed to ensure that the vision of the Authority is ultimately achieved, projects that have not been completed during the year under review, will be continued in the following financial year. These included projects funded by the African Development Bank, which are geared towards transforming and restructuring the electricity sector. Other projects include the study on the usage of paraffin and impact study of fuel marking, which will lead to key regulatory decisions.

With the financial year 2022/23 being our final year of the current five-year strategic plan, we will be able to measure how we have performed over the past five years and devise ways of closing performance gaps in the next plan period. It is also my belief that at close of this strategic plan, challenges that BERA faced in its formative years will be in the past and a better regulatory

environment will be attained ushering into an era of secure energy.

APPRECIATION

It would be amiss of me to conclude my statement without expressing my gratitude to those who tremendously contributed to the achievements within the Authority for the year under review. I would like to thank the Honourable Minister of Minerals and Energy for entrusting the Board with a mandate that impacts directly on the livelihoods of the citizens of this Nation. I would like to thank my fellow Board members for their joint and continued commitment to corporate

governance as we provide strategic leadership and direction to the Authority to ensure effective implementation of the BERA mandate. I would also like to thank the BERA management team and all employees because all the strides we make are attributed to their dedication and commitment towards regulating the energy sector with integrity.

.....
Justice Thebe Moilwa
Board Chairperson



BOARD **MEMBERS**



BOARD MEMBERS



1. MR JUSTICE THEBE MOILWA
BOARD CHAIRPERSON



2. MR FANILE MATHANGWANE
DEPUTY CHAIRPERSON



3. MS SEIPATI G. OLWENY
BOARD MEMBER



4. DR. LEUNGO KELEBOPILE
BOARD MEMBER



5. MS. PAULINE PALEDI-MOKOU
BOARD MEMBER



6. MS. ADELAIDE D. SELOLWANE
BOARD MEMBER



7. MS LESEDI LESETEDI
CO-OPTED BOARD MEMBER

1. MR JUSTICE THEBE MOILWA - BOARD CHAIRPERSON

Mr Justice Thebe Moilwa is the current Chairperson of Botswana Energy Regulatory Authority, having been appointed on the 9 February 2022. He carries a wealth of practical experience in the Energy Sector having done various courses ranging from Renewable Energy (Design, Installation & Commissioning of Photovoltaic, Lightning protection for electronics. He holds a MSc Power Electronics Engineering from Loughborough University of Technology, UK. And a BEng (H) Electrical & Electronics Engineering from Nottingham Trent University, UK. Mr Moilwa is a founder, and Managing Director and Board Chairman of a private Company known as ZISMO Engineering (Pty) Ltd, established on the 1st March 2002. His company, Zismo Engineering operates throughout Botswana and Zambia and is well equipped with a comprehensive range of electrical and mechanical equipment. The Company also has a state of the art Transformer and Motors Workshops.

Mr Moilwa has been a Director in various Boards in Botswana where his contributions and strategic leadership remains notable to this day.

2. MR FANILE MATHANGWANE - DEPUTY CHAIRPERSON

Mr Fanile Mathangwane has MSc in Electrical Power Engineering, Bachelor of Science in Mechanical Engineering and Mechanical Engineering Certificate. He has more than 30 years' experience in the Energy field. He has a strong background on Mechanical and Electrical Engineering, power generation, transmission and distribution projects, rural electrification, petroleum products and experience on energy efficiency and conservation.

Mr Mathangwane is currently self-employed and has worked before as Assistant General Manager – Liaison, Project Manager, Acting Director at the Department of Energy Affairs, Energy Policy and Research Coordinator and Principal Energy Officer under the Ministry of Mineral, Energy and Water Affairs.

Mr Mathangwane has done a number of Publications and Presentations; Fanile Mathangwane and Walter Kgabung on the Evolution of the Liquified Petroleum Gas Industry in Botswana. Part of the Study Group – Pricing Energy in Developing Countries, World Energy Council. The Challenge of Mainstreaming Biomass Energy Plan to facilitate Sustainable Development and the paper was presented at the Conference of the African High-Level Regional Meeting on Energy and Sustainable Development in Kenya. He also presented a Paper on Rural Energy for Botswana at the World Energy Council African Regional Workshop.

3. MS SEIPATI G. OLWENY - BOARD MEMBER

Ms Seipati Grace Olweny is an accomplished Consumer Protection Expert with more than 20 years' experience spanning from operational to senior management level, working in Government, providing technical expertise in consumer protection, business development, and the development of policy and legislation; regulatory framework, strategies, and guidelines.

She has gained intensive knowledge through working closely with key influencers both bilaterally and multilaterally such as consumer groups, businesses associations, including

BOARD MEMBERS

similar agencies involved in consumer protection and business development, locally, regionally and in the international arena.

She served as Commissioner in the Competition Authority Board and the Food Control Board providing Corporate oversight. Seipati Grace Olweny has a Bachelor of Science (Hons) – Consumer Science from University of Cardiff, Wales in the United Kingdom and Diploma in Secondary Education majoring in Home Economics and English from Molepolole College of Education. She taught Home Economics and English for over 10 years in both Secondary schools where she held management positions. She also contributed immensely towards the development of Home Economics curriculum.

4. DR. LEUNGO KELEBOPILE - BOARD MEMBER

Dr. Leungo Kelebopile is a Lecturer in the Department of Mechanical, Energy and Industrial Engineering at Botswana International University of Science and Technology (BIUST). He has previously worked as a Renewable Energy Engineer at Botswana Technology Centre (now BITRI). He holds an MSc in Renewable Energy Systems Technology from Loughborough University and a PhD in Thermal Power Engineering from Harbin Institute of Technology. He is currently also a Board Member at Kgaswe International School and previously served as a Board Member at Botswana Power Corporation.

5. MS PAULINE PALEDI-MOKOU - BOARD MEMBER

Ms Pauline Paledi-Mokou is a former Executive Director at Botswana Diamond Manufacturing Association. An HR Professional and capacity Building Specialist with extensive consulting experience dealing in Human Resource functions, whose outreach transverses the whole of the Southern African countries as well as countries outside the African Continent.

At international level she led the design and implementation of Public Sector reform projects which focused on international restructuring processes and improvement of service delivery, embedded a talent management and performance systems and implemented workforce planning, setting out a full-scale transformation of HR Policies and Practices in Turks and Caicos Islands in the West Indies.

Worked with various international development cooperating partners organisations such as Commonwealth Secretariat, NEPAD, AU, EU in the design and implementation of high impact learning programmes and a range of organizational development solutions, policy development interventions and sustainable development projects in the Southern African region and international arena.

Pauline Paledi-Mokou has served in various Board, excelling in corporate oversight, with demonstrated leadership promoting governance reforms, currently an Associate Consultant for Governance Management Services International, a UK based Consultancy Firm and a Member of the Executive Board of the African Capacity Building foundation an African Union's Specialised Agency for Capacity Development. Ms Paledi-Mokou has a Masters in Human Resources Development from the University of Portsmouth.

This knowledge has been supplemented and deepened by more than 20 years 'hands-on' experience as Capacity Building Professional, including 10 years operating in Regional and International development settings.

6. MS. ADELAIDE D. SELOLWANE - BOARD MEMBER

Ms. Adelaide Dolly Selolwane is a Professional Accountant with extensive accounting experience in senior management positions and holds a Masters of Business Administration (UK), in addition to being a Fellow of the Chartered Association of Certified Accountants (ACCA) (UK) with a Postgraduate Certificate in Enterprise Risk Management (Botswana).

She has 18 years wealth of post qualification experience and significant exposure to budgeting, financial reporting, corporate governance and regulatory finance issues. She is a versatile, self-motivated, hands-on, assertive and career minded professional with strong leadership abilities and advanced finance management skills. Her professional experience includes playing a critical role in developing and implementing Finance Procedures and Internal Controls, documenting the Manual and ensuring compliance.

Ms Selolwane is committed to continuous learning, in compliance with the requirements of the professional bodies she subscribes to, and she recently completed a course in Forensic Accounting and Fraud Examination. Currently she is studying corporate governance as part of annual CPD of which its core values include integrity, professionalism, respect for diversity and teamwork, communication skills, accountability. Her international work experience includes dealing with various international partners on their projects at the African Union Commission on Grants and Donor Funds Management, including European Union Support Programmes, GIZ projects, African Internet Exchange System project funded by the EU-Africa Infrastructure Trust fund and the Government of Luxembourg, Electoral Assistance Funds, South African Voluntary Contribution, China Fund for Capacity Building funds to mention a few. Ms Selolwane demonstrated leadership in promoting corporate governance throughout her career and whilst working for the African Union Commission based in Addis Ababa, and on short assignment at African Union League of Arab States in Cairo Egypt.

Her work experience covers Financial Reporting, Financial Management, Budgeting and Budgetary Control, Variance Analysis, Cashflow Management, Grants and Donor Funds Management, Internal Controls, Finance Processes and Procedures, Payroll Management, Treasury and Cash Management, People management and supervisory skills, leadership, organizational and interpersonal skills, financial management, financial accounting, regulatory compliance, project management, Asset and Liabilities Management.

7. MS LESEDI LESETEDI - CO-OPTED BOARD MEMBER

Lesedi Lesetedi is the Deputy Vice Chancellor - Corporate Services for Botswana Open University (BOU) which she joined beginning of January, 2017. She is responsible for directing and coordinating the planning and implementation of strategies of differentiated non-academic support operations covering functions of Human Resources, Financial Services, Procurement, Office Services (Administration & Facilities), Information Technology, Corporate Relations & Marketing for ensuring adherence to good corporate governance principles.

Lesetedi came from Botswana International University of Science and Technology (BIUST) where she has been from 2009 to 2016 as a founding director of Internal Audit. She previously worked for Government in Ministry of Finance, Ministry of Health, Ministry of Transport and Communications, Ministry of Lands and Housing, and the Ministry of State President. She also worked for the Botswana National Productivity Centre (BNPC) and Botswana Unified Revenue Service (BURS) respectively as the Director and Chief Audit Executive (CAE).

Lesetedi is a partner in corporate governance who is an Executive in organisational management with a wealth of experience in leadership, administration, and risk management. She is a professional Internal Auditor who attained Qualification in Internal Audit Leadership (QIAL) in 2014 and her CIA (Certified Internal Auditor) qualification in 2004. She also completed her Masters in Internal Audit and Management at London, United Kingdom in 2001. She finished her Bachelor of Commerce (B.com) Management degree in 1993 at the University of Botswana. Lesetedi has attended numerous trainings through seminars, workshops and conferences in Strategic Management, Leadership, Performance Management, Internal Auditing, Fraud, Risk Management, Corporate Governance, emotional intelligence, Management of Pension Funds amongst others. She has been attending conferences local and across the world for the mentioned topics/ subjects.

For her international commitments, Lesetedi is currently a member of Institute of Internal Auditors (IIA) Global governance structures and the former Director-at-Large for the IIA Global Board with Headquarters at Orlando, Florida, USA and also served as the International Secretary in the Executive Committee of the Board. Has been a member of the FAO Audit Committee with Headquarters at Rome (Italy) for 6 years from April, 2013 to April 2019 (thus two 3 years terms) and became the Committee Chairperson from December, 2015. Was also appointed a member of the UNICEF Audit Committee in February, 2013 to February, 2019 for 6 years (thus two 3 years terms) and became the Chairperson from July, 2016 with Headquarters at New York, USA.

In Africa, Lesetedi has been a Council member of the African Federation of Institutes of Internal Auditors (AFIIA) for 8 years from 2009 to 2017 and served as Chairperson for two terms from 2011 to 2015 for two years each term. At local level in our Country, Lesetedi was the President of IIA Botswana for various terms up to 7 years from 2004 to 2011. Have been a member of the Institute of Internal Auditors since 1999.



Ground breaking for the Francistown Government Reserve Strategic Depot Expansion project envisaged to store additional 60 million litres in the north east consumption envelope

GOVERNANCE

The BERA Act, the Board Charter and the Shareholder Compact Agreement between BERA and the Ministry of Minerals and Energy guide the decisions and directives made by the Board in discharging its mandate. This mandate extends to the regulation of the energy sector including electricity, petroleum products, natural gas, coal, bio energy, solar energy, and renewal energy.

The Board determines the strategic direction of the Authority and ensures that there is a long-term strategic plan, that is supported by annual operational plans and budgets, in place. In discharging its duties and responsibilities, the Board has adopted the King IV Code of Corporate Governance and ensures adherence to its established principles.

COMPOSITION OF THE BOARD

The appointment of the Board members has been staggered as indicated below to provide for continuity within the business of the Board at the time of expiry of membership. For the reporting period the Board comprised of the following members:

NAME	DESIGNATION	APPOINTED	RESIGNED
Justice T. Moilwa	Chairperson	09/02/2022	
Fanile Mathangwane	Deputy Chairperson	06.05.2020	
Grace S. Olweny	Board Member	06.05.2020	
Pauline Paledi- Mokou	Board Member	06.05.2020	
Leungo Kelebopile	Board Member	01/05/2021	
Adelaide D. Selolwane	Board Member	09/02/2022	16/05/2022
Oupa P. Mothibatsela	Board Chairperson	06.05.2020	13/04/2021
Boineelo Lobelo	Board Member	06.05.2020	01/04/2021
Geoffrey S. Serebolo	Board Chairperson	06.05.2020	08/09/2021
Christophine O. Ofentse	Board Member	01.05.2021	16/02/2022
Lesedi Lesetedi	Co-opted	27/09/2021	

The Board established and delegated some responsibilities to the committees below.

TECHNICAL COMMITTEE

The Board mandated the Technical Committee through the following Terms of Reference;

- i. Consider and give policy directions and or advise on matters of a regulatory nature as tabled by management before the committee which include policies and or instruments relating to;
 - Processes and methodologies of monitoring performance of the regulated sectors using key performance indicators)
 - Processes and Terms between licensees, and their customers etc (e.g. Power Purchase Agreements, complaints handling processes/procedures, service terms and conditions, network connection, wheeling agreements, coal supply agreements etc)
 - Processes and methodologies for tariff setting
 - Fees, levies etc imposed by the Authority on services and/or licences
- ii. To perform oversight functions over the regulatory activities of the Authority and report to the Board.
- iii. Ensure that the Authority's regulatory activities are effective in regulating the sector and report to the Board.
- iv. Advise the Board on Policy matters concerning regulatory activities and regulated sector legislation.

The Technical Committee is satisfied that it has fully discharged its mandate as per the instrument of delegation.

HUMAN RESOURCE COMMITTEE

The Board has delegated some responsibilities to the Human Resource Committee through the following Terms of Reference as outlined below;

- i. Review and ensure effective implementation of, and compliance with, the Authority's Human Resources philosophies, policies, succession plans, compensation and benefit plans, and programs as they pertain to the Authority's corporate strategy;
- ii. Recommend for approval by the Board the Human Resources goals and objectives; and evaluate the performance of Senior Executive Officers against these goals and objectives;
- iii. Recommend for approval by the Board, compensation to be awarded to employees; and
- iv. Provide guidance to the Board on the implementation of the Human Resources strategy.

The Human Resource Committee is satisfied that it has fully discharged its mandate as per the instrument of delegation.

In the year under review the Authority embarked on a restructuring exercise and this occasioned more committee meetings geared towards monitoring progress of the project.

FINANCE, AUDIT AND RISK COMMITTEE

The Board delegated some of its responsibilities to the Finance, Audit and Risk Committee through the following Terms of Reference as outlined below;

- i. Provide financial analysis, advice, and oversight of the organizations budget. Their sole responsibility is to ensure the organization is operating with the financial resources it needs to provide programs and services to the community.
- ii. Review the procurement process; including tendering, evaluation, contract award and reporting mechanisms for monitoring compliance with relevant laws and regulations; and the (BERA code of Ethics and Business conduct)
- iii. Implementation an effective policy and plan for risk management that will enhance the Organisation's ability to achieve its strategic objectives.
- iv. Ensure and monitor the comprehensive, timely and relevant disclosure regarding risk;
- v. Coordinate and monitor the performance of the internal and external audit functions;
- vi. Management of responsibilities to ensure that there is in place an effective system of controls, designed to reasonably;
 - Safeguard the assets and income of BERA
 - Monitor the operation of adequate systems.
 - Maintain compliance with the governance frameworks, ethical standards, policies, plans and procedures, and with laws and regulations.
- vii. The implementation of an effective policy and plan for risk management that will enhance the Organisation's ability to achieve its strategic objectives;
- viii. The comprehensive, timely and relevant disclosure regarding risk;
- ix. The performance of the internal and external audit functions;
- x. Management of responsibilities to ensure that there is in place an effective system of controls, designed to reasonably;
 - Safeguard the assets and income of BERA,
 - Monitor the operation of adequate systems.
 - Maintain compliance with the governance frameworks, ethical standards, policies, plans and procedures, and with laws and regulations.

The Finance, Audit and Risk Committee is satisfied that it has fully discharged its mandate. The Attendance of members and frequency of meetings is reported below;

BOARD MEETINGS ATTENDANCES FOR THE PERIOD UNDER REVIEW

The frequency of the meetings is determined by the business submitted to the committees. The attendance of Members in different committees is reported below;

Name	Ordinary Board	Special Board	Finance Audit and Risk Committee	Technical Committee	Human Resource Committee
Adelaide Dolly Selolwane	1	1	2		1
Christophine Osego Ofentse	16	3	5		13
Fanile Mathangwane	28	10		3	3
Geoffrey Serebolo	20	7			
Justice Thebe Moilwa	3	2			
Lesedi Lesetedi		1	2		
Leungo Kelebopile	18	9	5	8	2
Pauline Paledi- Mokou	26	3	5	6	16
Seipati G. Olweny	25	10	1	7	16

NOTE: Most of the special board meetings were held to deliberate on agenda items such as restructuring project, monthly petroleum pricing review report, on boarding of new board members, strategy review exercise, and Greet and meet session with Shareholder.

SITTING ALLOWANCES

The sitting allowance of the BERA Board, is categorised under Class A in terms of the Revised Categorisation and sitting allowances for statutory/ non statutory Board/ Councils/ Committees, which effected on the 1st April 2017. Board Members draw sitting allowances for attendance of both Board meetings and board committee meetings as per the rates stipulated below;

a. Chairperson of the Board	P2250
b. Board Members	P1800



EXECUTIVE MANAGEMENT





ROSE NUNU SERETSE
CHIEF EXECUTIVE OFFICER

As challenging as the previous year was for the Authority as identified with a record of high petroleum prices, which added to the increase in inflation, the Authority nevertheless did all it could to reduce the burden on consumers. This was achieved by not increasing the prices to full cost of recovery and not granting the Power Corporation a tariff increase. The Authority continued to deliver outstanding results in energy regulation and we have made great strides in rolling out complaints settlement procedure and various other studies in the sector to better regulate and protect the consumers and the environment.

The Authority has successfully phased out diesel 500ppm in an effort to reduce the high sulphur content and in compliance with the energy protocols in place. The Authority further completed the LPG Market Study and started implementing the recommendations. Amongst the recommendations implemented was assisting the Gas industry to form an association. The rest of the recommendations will be rolled out following the signing of the LPG regulations.

ENHANCING ENERGY REGULATORY FRAMEWORK

One of the notable achievements during the year was the review of inaugural Botswana Energy Regulatory Authority (BERA) Strategic Plan (2018 – 2023) to deliver on its mandate as well as meeting and exceeding global, continental and regional trends.

This was despite experiencing the challenges in the energy sector as occasioned by the COVID-19 pandemic. The Authority through its reviewed strategic plan aims to be recognised among the leading energy regulators in the world for achieving energy security. Amongst the projects that started successfully in the reviewed strategic plan is the Star rating program which assesses the performance and quality of filling stations and grades them accordingly.

STIMULATING PARTICIPATION OF INDEPENDENT POWER PRODUCERS (IPPS) IN POWER GENERATION

During the year under review, the Authority processed and approved a total of six (6) power purchase agreements between Botswana Power Corporation and various power generation entities. Moreover, the Authority received license applications for large scale power production. Two applications were successfully processed and issued with licenses.

On the small-scale electricity production, the Authority received applications from one type of renewable energy i.e., Solar Photo Voltaic (PV). All of these were from commercial and industrial customers. Their sizes ranged from 100 to 1000 kW.

The Authority initiated the Renewable Energy IPPs Support Project, through a grant from African Development Bank (AfDB) to develop regulatory tools, instruments and technical studies to support Renewable Energy IPP facilitation and roll out. This project is aimed at strengthening the environment geared towards encouraging private investments in the renewable energy generation as part of the implementation of the Integrated Resource Plan (IRP). AfDB approved the grant to the tune of 1 million US Dollar for this project in December 2021.

ENSURING COST REFLECTIVE ELECTRICITY TARIFFS

In the same year, the Botswana Power Corporation submitted a tariff application requesting a 5% upward tariff adjustment and a subsidy of P500 million for the year 2022/23. The final decision on this request was a 0% tariff adjustment and a P400 million subsidy. As mentioned earlier, this decision not to increase the electricity tariff was meant to ease the burden on the consumer caused by the general increase of prices in the economy including frequent increase in petroleum prices.

COMPLIANCE AND PERFORMANCE MONITORING

The Authority continued to monitor and enforce compliance through its Inspections, Supervision and Environmental Compliance department in the financial year 2021/22 as strengthened by implementation of an enhanced compliance monitoring programme.

The robust monitoring programme includes project monitoring for all energy infrastructure developments authorised in accordance with Section 41 of the BERA Act on authorisation to construct infrastructure. In addition, there were audits, inspections, fuel quality testing and investigations of non-compliance with legal requirements carried out in this period. These were augmented through the performance monitoring tools such as the Star Rating Program for filling stations and Key Performance Indicators for monitoring performance of the Botswana Power Corporation. Also worth highlighting is that a total of 362 inspections against a target of 270 were carried out during this FY being 96 retail service station, 12 storage facilities, 74 liquefied petroleum gas (LPG) retail facilities, 105 Star rating assessments and 75 projects under construction throughout the country.

The overall compliance level was 86% slightly above the previous FY's 85%. In addition, 277 fuel samples were collected and tested for quality from 95 facilities around the country. These yielded a compliance level of 97% which is a drop by 1% from the previous FY's 98%. Still in compliance, 72 survey inspections were conducted and a total of 33 technical assessments inspections were carried out. During these assessments, 7 retail facilities were temporarily closed for gross non-compliances. 6 of these have since addressed the non-compliances and re-opened

whilst 1 still remains closed. The major concern with non-compliances was found to be most lack of environmental protection systems whereby waste oils from the sites directly pollute the environment. The other major concern for the Authority is in relation to retail service stations that do not train their employees on handling hazardous goods they deal with.

ENSURING FAIR, COMPETITIVE AND AFFORDABLE FUEL PRICES

One of the responsibilities of the Authority is to review petroleum products prices on a monthly basis. The review showed that during the year, movement of international oil prices was generally influenced by changes in supply and demand; production and refining capacities; the Organisation of Petroleum Exporting Countries (OPEC) strategies to maintain certain levels of production quotas; and geopolitics. International oil prices have generally been increasing, thus putting pressure on local pump prices. Petroleum products pump prices were adjusted upwards for the months of April, June, October, December 2021 and March 2022.

STAKEHOLDER MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

We are cognizant of the fact that we do not operate in a vacuum and that the decisions we take as a Regulator have an impact in the community we serve. As a result, we saw it fit to engage our stakeholders on the findings of the LPG study that we had previously conducted. The report was shared with stakeholders through Kgotla meetings across the country, including the recommendations thereof. The consultation exercise was covered by a wide array of media. Further to this, the Consumer Settlement Procedure was also publicized.

Further to that we did a stakeholder consultation

on the Regulatory Impact of the Aviation Fuel that we carried out. The intention of the study was to assess whether there was a need to continue regulating aviation fuel or not.

2022/23 OUTLOOK

There is a shift to optimism due to progress made against the global pandemic. We are incredibly confident of the growth prospects in the energy sector especially following the approval of the Integrated Resource Plan, which has an increase in the energy mix.

APPRECIATION

All of the above would not have been possible in the midst of challenges encountered had it not

been for the dedication and professionalism of BERA employees over the past year, for this I thank them. I believe that pulling together in the same spirit will enable us to face our future challenges and foster ahead to transform Botswana's energy sector at the same time keeping pace with the dynamic changes in the sector, locally and internationally.

.....
Rose Nunu Seretse
Chief Executive Officer





1. ROSE NUNU SERETSE
CHIEF EXECUTIVE OFFICER



2. DUNCAN MOROTSI
CHIEF OPERATIONS OFFICER



3. CHAWADA B. MACHACHA
DIRECTOR FINANCE &
INFORMATION TECHNOLOGY



4. NNOSANG MHUTSIWA
DIRECTOR HUMAN
RESOURCES AND ADMIN



5. AMIKANI PATSON
BOARD SECRETARY



6. NGELE G. NGELE
INTERNAL AUDIT MANAGER



7. GOSEGO PHELE
STRATEGY MANAGER

1. ROSE NUNU SERETSE - CHIEF EXECUTIVE OFFICER

Mrs. Rose Nunu Seretse graduated with a Bachelor of Science in Construction Engineering and Management from Ferris State University in Michigan USA. Mrs Seretse also possesses a Master of Public Administration from the University of Botswana. She is a Certified Ethics Officer. Mrs. Seretse was the first woman to head the Botswana Anti-Corruption Agency called the Directorate on Corruption and Economic Crime where she was the Director General for eight years.

Prior to working for the Anti-Corruption Agency, Mrs Seretse served in the Local Authorities in the Building and Engineering Units at Kgatleng District Council and Lobatse Town Council as Technical and Senior Technical Officer respectively.

Seretse has been awarded many honours and awards throughout her career including Sigma Lambda Chi – Ferris State University, Africa's most Influential Woman – CEO Global; Certificate of Recognition – Commonwealth Secretariat and Certificate of Appreciation – International Law Enforcement Academy. Mrs. Seretse is one of the recipients of Presidential Order of Honour of 2018.

2. DUNCAN MOROTSI -CHIEF OPERATIONS OFFICER

Duncan Morotsi graduated from the University of Botswana, Lesotho and Swaziland with an LLB Degree in 1984. Mr Morotsi joined the Attorney General Chambers as State Counsel from 1984 to 1986. He started a Law Firm in Francistown operating as Duncan Morotsi and Partners until 2006 when he joined CEDA as Company Secretary and Legal Advisor until 2008. In 2009 he rejoined the Public Service as Chief State Counsel in the Ministry of Home Affairs advising on Labour, marriage, citizenship and Trade Union Laws. In 2011, he joined the newly formed Competition Authority as Director of Legal and Enforcement during which he gained an in-depth knowledge of competition law and economic regulation. Currently he serves as a Board Member of the National Environmental Fund and Chairman of its Project Assessment Committee. He is also Patron of Mokibe Primary School in Shoshong. Moreover, Mr Morotsi is involved in Charity Projects in Shoshong Village.

3. NNOSANG MHUTSIWA - DIRECTOR HUMAN RESOURCES AND ADMINISTRATION

Ms. Nnosang Mhutsiwa holds a Master's in Public Administration and Bachelor of Social Science majoring in Public Administration and Economics both from the University of Botswana. Nnosang has attended several strategic management short courses and Executive Leadership Programs. She is a professional member of Botswana Institute of Human Resource Management and Society for Human Resource Management.

Nnosang has previously served in the Public Service for almost two decades in different ministries, including Agriculture, Office of the President, Youth, Sports and Culture and Ministry of Education and Skills Development. She started her career as a Personnel Officer in the Department of Local Government Services Management for a short stint before joining the Central Government as an Administration Officer under the Ministry of Agriculture. She progressed over the years to the posts of Director Ministry Management, Senior Manager Corporate Services and Director of Youth prior to her appointment as Deputy Permanent

Secretary – Corporate Services in April 2014 until August 2017 when she resigned from the Public Service to join BERA.

She has served in different Boards including Public Service Bargaining Council on the Employer side (Botswana Government) whereby she once acted as Chief Negotiator, Botswana National Productivity Centre, Sir Ketumile Masire Teaching Hospital, Botswana National Gender Commission and the University of Botswana Governing Council.

At international level, she has served as the Secretary General of the Botswana National Commission for United Nations Educational, Scientific and Cultural Organisation (UNESCO). Nnosang Mhutsiwa is a certified Public Private Partnerships Professional.

4. CHAWADA BOITSHEPHO MACHACHA - DIRECTOR FINANCE & INFORMATION TECHNOLOGY

Chawada has a Master's in Business Administration from The University of Derby and hold a professional Accounting qualification from Association of Chartered Certified Accountants (ACCA). She is a Strategic Finance Expert with over twenty-five (25) years of extensive experience spanning across Audit, Financial and Administrative Management, Training and Development, Management Consultancy & Advisory, Corporate Performance Management, Strategic Planning and Internal Controls Assessment. Chawada is an accredited Balanced Score Card professional and APMG Private Public Partnerships Certified Professional.

Prior to joining BERA, she worked for Clearlit group of companies as its Managing Director where she was responsible for the entire organizations from strategy to execution. Before Clearlit she worked at Botswana Examination Council (BEC) as its Finance Manager where she spearheaded the successful establishment of the Councils Finance and Procurement Department. Prior to BEC she lectured at the Botswana Accountancy College (BAC) for over seven (7) years with a subject portfolio spanning: Strategic Business Management, Business and Analysis, People Management, Information Systems and Organizational Management, Financial Accounting and Management on the CIMA and ACCA programs respectively. Prior to joining BAC she worked for Botswana Breweries Limited as a Management Accountant, Geoflux as Finance and Administration Manager, Security Systems as Finance Manager and KPMG as a Trainee Accountant/Auditor.

Chawada has acted as a critical sounding board for many professionals and organizations in Botswana assisting them in various capacities including career coaching and mentoring. She currently serves in the Botswana Football Association (BFA) Finance and Audit Committee as Member she is also a Member of the Healing Jesus International Board. In her social capacity Chawada Pastors' a in Oodi.

5. YAMIKANI PATSON - BOARD SECRETARY

Mr. Yamikani Patson is an admitted attorney of the High Courts of Botswana with 16 years' experience in the legal profession having graduated with an LL.B at the University of Botswana. He has served as a legal advisor for body corporate s including among others Local Authorities (Councils) and Land Boards advising the Councils and committees that he

served in. He has also previously served under the Attorney General of Botswana under civil litigation as a State Counsel.

Mr. Patson had also served in the private practices as a Legal Practitioner of both Mr. Maphakwane & Partners and Lerumo Mogobe Legal Practitioners. Before serving at BERA he was head of Legal Education and Public Relations at Legal Aid Botswana.

Mr. Patson is also currently serving in the Board of Directors as a non-executive member of Get Bucks Botswana a company registered on the Botswana Stock Exchange. He is also a chairperson of its subsidiary; Get Sure.

6. NGELE G. NGELE - INTERNAL AUDIT MANAGER

Mr Ngele is a qualified accountant and auditor. He is a Fellow Chartered and Certified Accountant (FCCA) UK, MBA from the University of Derby and a graduate in Governance, Risk, Compliance and Management (GRCM).

He is a Risk Based Auditor (RBA), Certified Risk Analysts (CRA) and a member of the Institute of Internal Auditors Botswana chapter (IIA Botswana). Mr Ngele is also a Management Development Programme (MDP) graduate with the University of Cape Town. Mr Ngele worked for more than 10 years in the Finance field as Management Accountant, Head of Treasury, Finance Manager, Chief Accountant Business Support and Group General Manager Finance in organisations that included KBL, BTC and Botsnet.

He has more than 20 years' experience in the audit environment having worked for Deloitte, PWC, Debswana, NDB, KBL, Botswana Post, The University of Botswana, Botswana Power Corporation and BERA where he held various executive positions responsible for the Audit function.

7. GOSEGO PHELE - STRATEGY MANAGER

Gosego Phele possesses MSc in Strategy Management from University of Derby and BSc in Computer Science from University of Cape town. She also possesses professional qualification in strategy management, project and risk management and finance & accounting. Gosego Phele has more than 12 years' experience in the Strategy, risk and performance management field.

She has a strong background in Information Technology, Finance and Strategy, Risk and Performance management. She has worked in various organisations in private sector (IT and Accounting Firms), Government (Ministry of Minerals, Energy & Water resources and Ministry of Health) and parastatals (National Development Bank and Civil Aviation Authority of Botswana). Before serving at BERA she was head of Strategy and Risk function at Civil Aviation Authority of Botswana. She is also serving as a Board of Director at Robin Wood (Pty) Ltd and Wealth Club (Pty) Ltd as well as a member of Board Finance Committee for Botswana Qualifications Authority (BQA).

WIFI: TLK-TEMP
PASSWORD:
K@sane123

OUR STRATEGIC AGENDA

*5th 10th International
Biennial Conference*



processing applications
enquiries
• Improve

OUR STRATEGIC **AGENDA**

The Authority reviewed its inaugural BERA Strategic Plan (2018 – 2023) during the period under review so as deliver on its mandate as well as meeting and exceeding global, continental and regional trends and challenges in energy occasioned by the COVID-19 pandemic. The Authority, through its reviewed strategic plan, aims to be recognised among the leading energy regulators in the world for achieving energy security. This is the first year of implementing the said strategy whereby an average corporate performance level of 71% was recorded against the targeted 80% performance level.

STRATEGIC OBJECTIVES DRIVING SECTOR REGULATION



STRATEGIC OBJECTIVES DRIVING ORGANISATIONAL CAPACITY & FINANCIAL SUSTAINABILITY



The Authority has established a robust performance management system which allows for effective monitoring of key performance indicators against the set target and establishing improvement action plans to close any performance variation. The dash board indicating performance for various indicators during the period under review.

DASH BOARD - SECTOR REGULATION

Key Performance Indicator	Target	Actual	Variance
Promote energy security and transformation of the energy sector			
Contribution of electricity generated by IPPs to total electricity generated (%)	0.1%	0%	0.1%
Demand met by Local Generation (%)	78%	52%	26%
Strategic Fuel reserves days cover (days)	15	13.3	(11.3%)
Commercial stocks days' cover (days)	5	6	1
% Contribution of Renewable Energy to Total Installed Capacity (%)	2.49%	1.59%	0.9%
% Contribution of Renewable Energy to Total Energy Supply (%)	0.96%	0.72%	0.24%
Level (Gg of CO ₂) of avoided emissions of greenhouse gases	28.94	27.9	(3.53%)
Average % citizen shareholding in IPPs	25%	18%	7%
Average % citizen shareholding in Petroleum products supply - Major Oil companies	55%	54.2%	0.8%
Average % citizen shareholding in Petroleum products supply - LPG companies	60%	57.4%	2.6%
% of citizen owned companies participating in petroleum products supply - Major Oil companies	40%	37.5%	2.5%
% of citizen owned companies participating in petroleum products supply - LPG companies	25%	17%	8%
Improve communications and stakeholder engagement			
% Satisfaction level	75%	Unrated	N/a
Stakeholder Engagement level	85%	Unrated	N/a
Enhance energy legislation, regulation and governance			
% Completion of proposed review of BERA Act	43%	23%	20%
% Completion of proposed review/ development of regulated sector legislation	60%	0%	60%
% Completion of proposed review/ development of BERA Act regulations	75%	73.5%	2.5%
Improve Energy Regulation Efficacy			
% of completed required critical regulatory instruments	67%	38%	29%
% Adherence to regulatory processes	90%	63%	27%
% Adherence to project plan by licensed/authorised entities	90%	56.5%	33.5%
% Compliance to regulatory requirements by operators	90%	88%	2%
% Performance level of operators - Electricity	60%	51.3%	8.7%
% Performance level of operators - Petroleum	70%	75%	5%
Electricity Regulatory Index	0.4	0.451	(12.75%)

DASH BOARD - ORGANISATIONAL CAPACITY & FINANCIAL SUSTAINABILITY

Key Performance Indicator	Target	Actual	Variance
Secure Financial Sustainability			
% Proportion of Subvention to Total Income	75%		(22%)
% Revenue collected from regulated entities	100%		N/a
Enhance Organisation's Operational Efficiency			
Internal control index	90%	45%	45%
% of Automated processes	62%	33%	29%
Closure rate of top risks	3	1	67%
Improve Employee Attraction, Retention and Performance			
Corporate Performance level (%)	80%	71%	9%
Average Employee Performance Level (%)	80%	75%	5%
% employee retention	100%	100%	0%

KEY ACHIEVEMENTS

- African Development Bank approved a 1 million US Dollar for the Renewable Energy IPPs project, aimed at strengthening the environment to encourage renewable energy generation investments.
- To further facilitate the power sector infrastructure development, the Regulator has issued six (6) licenses cumulatively for power generation to Independent Power Producers (IPPs) since November 2019, three (3) are for local generation and three (3) for electricity exports.
- Has approved six (6) Power Purchase Agreements between Botswana Power Corporation as the off-taker and IPPs for the 10 MW coal bed methane plant and five (5) medium sized solar power plants in Bobonong (3 MW), Shakawe (1 MW), Gantsi (4 MW), Maun (4 MW) and Lobatse (4 MW).
- Maintained compliance level of regulated entities above 85% for the past 2 years which is an improvement from a baseline of 42% when we started compliance monitoring.
- Star rating program targeting 72 sites in Greater Gaborone and technical assessment completed for 42 sites with an average performance level of 62%
- Key Performance Indicator (KPI) framework was also used to monitor the provision of reliable electricity within the country and the reported average BPC performance is 60.6% for the financial year 2021/22 mainly due the underperformance of the Financial, Efficiency and Sustainability aspects (Gearing, Profit/Loss Margin, Operating Cost per MWh for both electricity produced and installed capacity) of the operator.
- Electricity Regulatory Index improved from 0.339 to 0.45
- Clean external financial audit
- Opening of Gaborone satellite office
- Establishment of a robust ICT backbone infrastructure



OPERATIONAL REVIEW



CYLINDER FILLING PROCEDURE

1. Switch on the scale.
2. Select the cylinder size "9, 14, 19, 48".
3. Inspect the cylinder for dents, rust, rust ring condition & faulty valve.
4. Place cylinder on the scale.
5. Connect the bull nose to the cylinder.
6. Open the valve on the cylinder.
7. Open the bull nose valve.
8. Push "zero".
9. Push "clear".
10. Key in the tare weight.
11. Push "enter".
12. Push "start".
13. Inspect for the gas leaks around base of cylinder, using soapy water.
14. Close all valves after cylinder is filled.

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ELECTRICITY DEPARTMENT

SETTING AND REVIEW OF ELECTRICITY TARIFFS

In terms of Section 57 of the BERA Act on Review of tariffs, the Authority may undertake a tariff review under the following conditions

- (a) it considers it necessary to do so in the interests of customers, consumers and other users; (b) the tariff is due for a periodic review as determined by the Authority from time to time
- (c) the Authority determines on its own initiative or following a written application by a licensee, that there has been a material change in the circumstances making it necessary that a tariff is reviewed or
- (d) the Minister, in the interest of the public, direct the Authority to review a tariff.

During this financial year the power utility, Botswana Power Corporation, submitted a tariff application requesting a 5% upward tariff adjustment and a subsidy of P500million for the year 2022/23. The final decision on this request was a 0% tariff adjustment and a P400million subsidy. This decision was taken to facilitate post covid recovery given the general increase of prices in the economy due to such issues as rising petroleum prices and VAT increase to 14% from 12% in July 2021.

IMPORTATION OF ELECTRICITY

As reported in the previous years, the level of imported electrical energy is still high due to the low availability of Morupule B plant. For the year 2021/22 imported electrical energy constituted forty nine percent (49%) of the total demand. The imported power therefore significantly contributes to the costs of the power utility. It is therefore critical for internal generation capacity to be increased via timely remediation of Morupule B and implementation of the Integrated Resource Plan (IRP).





ELECTRICITY LICENSING AND PROJECT DEVELOPMENT

The Authority processed and approved a total of six (6) power purchase agreements between Botswana Power Corporation and various power generation entities as per the next table.

Name of Applicant	Generation Capacity (MW)	Place of Generation	Resource Technology
Tlou Energy	10	Sandveld, Central District	Coal bed methane
Sturdee	3	Bobonong	Solar PV
Sturdee	1	Shakawe	Solar PV
Akuo/Folosha Consortium	4	Lobatse	Solar PV
Akuo/Folosha Consortium	4	Ghanzi	Solar PV
Akuo/Folosha Consortium	4	Maun	Solar PV

The Authority received license applications for large scale power production during the year under review. Two out of three applications were successfully processed and issued with licenses. The details of the two licenses are as follows:

Name of Applicant	Generation Capacity (MW)	Market	Resource Technology
Coal Petroleum (now Tati Solar)	100	External	Solar PV
Tlou Energy	10	Botswana	Coal bed methane

For Tlou Energy, the license was an amendment of the old license issued for a pilot 2MW power generation. The application came under the government programme of power procurement from coal bed methane (CBM). The Authority also assessed and approved a concept request by ENRC (a holder of a 600MW coal generation export license) to split its proposed project into different companies, locations and generation resource technologies.

On the small-scale electricity production, the Authority received applications from one type of renewable energy i.e. Solar Photo Voltaic (PV). All of these were from commercial and industrial customers. Their sizes ranged from 100 to 1000 kW as tabulated below.

Year	Number of Licenses or Authorisations Issued	Total Capacity Authorised (MW)	Total Capacity Operation (MW)	Cumulative Authorised Capacity (MW)	Cumulative Capacity in Operation (MW)
2018/19	2	2.783	2.2	2.783	2.2
2019/20	2	0.4088	0.2	3.1918	2.4
2020/21	5	2.930	0	6.1218	2.4
2021/22	7	2.336	840	8.4578	3.24

ELECTRICITY LICENSING AND PROJECT DEVELOPMENT [CONTINUED]

The figures presented in the previous tables exclude the solar PV installations less than 100kW, which are permitted by the Botswana Power Corporation. There is a significant variance between the cumulative authorised capacity (8.4578MW) and the cumulative capacity in operation (3.24MW) for the year under review. This is due to the fact that some projects (i.e. six of them) were still at planning and/or construction phase by the end of this financial year.

SUPERVISION AND COMPLIANCE MONITORING - ELECTRICITY

Through the Key Performance Indicators (KPI's) framework for the power utility completed last year, the Authority received on a quarterly basis, a performance update reporting on the following six (6) major performance areas:

- **Technical** (System average interruption duration, system average interruption, energy availability factor etc)
- **Safety** (Number of fatalities, Lost time injury rate)
- **Efficiency and Sustainability** (System Losses, Operating cost per megawatt installed, Operating Cost of electricity per MWh etc)
- **Socio Economic and Environmental** (Generation Capacity/Demand ratio, Access to Electricity)
- **Customer Services** (connection installations exceeding time targets, number of outages per year due to supply shortage, average field response time etc)
- **Financial** (profit/loss margin, staff cost/total cost, Total O&M cost/Revenue etc)

The performance indicators received in financial year 2021/22 will form the baseline/benchmark data that will be used in the subsequent years in monitoring the performance of the Utility.

ELECTRICITY SUPPLY INDUSTRY (ESI) INVESTMENT ENABLING ENVIRONMENT

The development of regulatory instruments, as one of the core activities of the Authority, is critical for the attraction of investments in the ESI. In this regard the Authority has been pursuing, amidst funding constraints, the development of the Botswana National Grid Codes, Cost of Service and Tariff Framework, as well as the Electricity Licensing Framework.

In December 2021, the African Development Bank approved a grant for this project. This project will contribute to creating certainty for investors in the ESI in as far as access and use of the electricity grid, licensing and tariffs are concerned. Based on preliminary work (concluding the grant agreements, appointment of project structures, capacity building, tendering etc) as at the end of the year under review, the service provider for the development of the grid codes, cost of service/tariff framework and licensing framework is expected to be appointed in the third quarter of 2022/23.





PETROLEUM & GAS DEPARTMENT

REVIEW OF PETROLEUM PRODUCTS PRICES

The Authority strives to Improve Energy Regulation Efficacy by review petroleum products prices on monthly basis. The results of the review show that during the year, movement of international oil prices was generally influenced by changes in supply and demand; production and refining capacities; the Organisation of Petroleum Exporting Countries (OPEC) strategies to maintain certain levels of production quotas; and geopolitics. It is also evident that the international oil prices have generally been increasing, thus putting pressure on local pump prices. As a result, the petroleum products pump prices during the year under review were adjusted upwards as follows.

M o n t h / Product	Unleaded 93	Petrol	Price change (thebe per litre)		
			Unleaded petrol 95	Diesel 50ppm	Paraffin
Apr-21		100	100	100	0
Jun-21		61	63	53	92
Oct-21		69	71	55	74
Dec-21		160	165	175	0
Mar-22		126	125	149	174



The December 2021 price adjustment was based on the analysis of petroleum products prices for October 2021. This shows the inherent delays to timely adjustment of prices owing to lengthy process of approval. Pump prices for the petrol grades and diesel were adjusted by the full rate of recovery for the months of December 2021 and March 2022 to contain the growing under recovery, which represent an accumulated debt to oil companies. Paraffin was either adjusted by half the rate of recovery or not adjusted at all, as a government pro poor strategy since the product is believed to be generally consumed by the poor.

An inflationary adjustment of margins was done in October 2021 whereby the wholesale and retail margins were adjusted upwards by 1.306 thebe per litre and 1.533 thebe per litre, respectively. The Authority is still in the process of procuring consultants to undertake works to review the current petroleum products pricing framework, develop the wholesale margin model and pricing formulas for alternative routes; and implement the retail margin model.

UPDATE ON KEY PETROLEUM STRATEGIC PROJECTS

The Authority completed two studies in May 2021 namely, Regulatory Impact Assessment (RIA) of aviation fuels pricing for Botswana; and Liquefied Petroleum Gas (LPG) Market Study. The RIA study recommended that Government should continue with the price regulation of aviation fuels to hedge consumers against monopoly pricing.

Furthermore, the study outlined the need to review the existing aviation fuels pricing methodology to ensure its robustness; and that other industry players should be facilitated to access the essential facilities to promote competition in the market. Implementation plan of the recommendations for the study was adopted by the key stakeholders on the 18 February 2022 and these include the Competition and Consumer Authority, Civil Aviation Authority of



UPDATE ON KEY PETROLEUM STRATEGIC PROJECTS

Botswana, Botswana Oil Limited, Department of Energy and the Botswana Energy Regulatory Authority. Country-wide sensitisation of retailers on the recommendations of the LPG market study was conducted in November 2021. Implementation plan of the recommendations for the study was adopted by the key stakeholders on the 18 February 2022.

However, implementation of most of the recommendations is constrained by delayed approval of LPG regulations. The Regulations will amongst other things, provide for licensing procedures and obligations of licensees. That notwithstanding, the Authority is working with LPG companies for the latter to form an Association that will assist the industry to be properly organised and assist in some aspects of self-regulation.





BERA

BOTSWANA
ENERGY REGULATORY
AUTHORITY

Regulating Energy with Integrity

OPERATIONAL REVIEW

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LEGAL AND LICENSING DEPARTMENT

Section 34 (1) of the BERA Act No. 13 of 2016, states that a person shall not provide a service under the regulated sector unless he or she is issued with a license in the prescribed manner, by BERA authorising him or her to provide a service. The Authority has issued a total of fifty-nine (59) licenses and authorizations during the financial year 2021/2022 as opposed to fifty-one (51) licenses that were issued during the preceding financial year.

It is worth highlighting that all the three (3) licenses issued under the electricity sector including one (1) authorization to construct, were for green energy projects in particular, electricity generation licences for Solar Photovoltaic plants. Licensing of green energy projects demonstrates the commitment of the Authority towards reduction of the carbon footprint by its Licensees.

The table below gives detailed information about the fifty nine (59) licenses that were issued wherein fifty five (55) were licenses for the petroleum sector activities and the remaining four (4) were for electricity sector activities.

LICENSES ISSUED IN THE FINANCIAL YEAR 2021/22

COMPANY NAME	DATE OF APPROVAL	SECTOR	ACTIVITY	LOCATION	REGION
Enesianasimba (Pty) Ltd	10/09/2021	Petroleum	Storage	Francistown	Francistown
NCI Botswana	24/09/2021	Petroleum	Storage	Pandamatenga	Chobe
Brilliant Business (Pty) Ltd	19/10/2021	Petroleum	Storage	Kang	Kgalagadi
Juga (Pty) Ltd	01/04/2021	Petroleum	Retail	Gaborone	Gaborone
Africent Investments (Pty) Ltd	01/04/2021	Petroleum	Retail	Sherwood	Central
Control Web (Pty) Ltd	16/04/2021	Petroleum	Retail	Oodi	Gaborone
Africent Investments (Pty) Ltd	28/04/2021	Petroleum	Retail	Kazungula	Chobe
Control Web Proprietary Limited (Pty) Ltd	08/07/2021	Petroleum	Retail	Molepolole	Kweneng
Juga (Pty) Ltd	23/07/2021	Petroleum	Retail	Bobonong	Central
Herbara Investments	06/08/2021	Petroleum	Retail	Bray	Kgalagadi
Blue Boot Haven (Pty) Ltd	13/08/2021	Petroleum	Retail	Metlojane	Southern
First Auto (Pty) Ltd	13/08/2021	Petroleum	Retail	Mochudi	
Powercom (Pty) Ltd	01/09/2021	Petroleum	Retail	Mogoditshane	Kweneng
Tipflow Enterprises (Pty) Ltd	03/09/2021	Petroleum	Retail	Letlhakane	Central

LEGAL AND LICENSING DEPARTMENT (CONTINUED)

LICENSES ISSUED IN THE FINANCIAL YEAR 2021/22

COMPANY NAME	DATE OF APPROVAL	SECTOR	ACTIVITY	LOCATION	REGION
Kazungula Depot (Pty) Ltd	15/10/2021	Petroleum	Retail	Kazungula	Chobe
Busmate Investments (Pty) Ltd	15/10/2021	Petroleum	Retail	Oodi	South East
Sefalana Cash & Carry Limited (Pty) Ltd	15/10/2021	Petroleum	Retail	Gaborone	Gaborone
Pinestone (Pty) Ltd	19/10/2021	Petroleum	Retail	Thamaga	Southern
Bajaj Auto (Pty) Ltd	29/10/2021	Petroleum	Retail	Maun	North West
Hedge Right Investments (Pty) Ltd	19/11/2021	Petroleum	Retail	Goodhope	Southern
Screen Arc Investments (Pty) Ltd	28/01/2022	Petroleum	Retail	Gaborone	Gaborone
Real Touch Development Solutions (Pty) Ltd	18/03/2022	Petroleum	Retail	Dibete	Central
Heritage Contractors (Pty) Ltd	16/07/2021	Petroleum	LPG Wholesale	Gaborone	Gaborone
Heritage Contractors (Pty) Ltd	18/05/2021	Petroleum	Import	Gaborone	Gaborone
Phakene Petroleum Botswana (Pty) Ltd	18/05/2021	Petroleum	Import	Gaborone	Gaborone
Go Pure Investments (Pty) Ltd	18/05/2021	Petroleum	Import	Gaborone	Gaborone
Beckley-Care Holdings (Pty) Ltd	04/06/2021	Petroleum	Import	Gaborone	Gaborone
Apex Petroleum Oil (Pty) Ltd	04/06/2021	Petroleum	Import	Gaborone	Gaborone
Mafuta Petrologistics (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Botsoil & Lubricants (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Ntshudisane Investments (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Convergial (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Intra-Technology Systems (Pty) Ltd	25/06/2021	Petroleum	Import	Gaborone	Gaborone

LICENSED ACTIVITIES (CONTINUED)

LICENSES ISSUED IN THE FINANCIAL YEAR 2021/22

COMPANY NAME	DATE OF APPROVAL	SECTOR	ACTIVITY	LOCATION	REGION
Enesianasimba (Pty) Ltd	10/09/2021	Petroleum	Storage	Francistown	Francistown
NCI Botswana	24/09/2021	Petroleum	Storage	Pandamatenga	Chobe
Brilliant Business (Pty) Ltd	19/10/2021	Petroleum	Storage	Kang	Kgalagadi
Juga (Pty) Ltd	01/04/2021	Petroleum	Retail	Gaborone	Gaborone
Africent Investments (Pty) Ltd	01/04/2021	Petroleum	Retail	Sherwood	Central
Control Web (Pty) Ltd	16/04/2021	Petroleum	Retail	Oodi	Gaborone
Africent Investments (Pty) Ltd	28/04/2021	Petroleum	Retail	Kazungula	Chobe
Control Web (Pty) Ltd	08/07/2021	Petroleum	Retail	Molepolole	Kweneng
Juga (Pty) Ltd	23/07/2021	Petroleum	Retail	Bobonong	Central
Herbara Investments	06/08/2021	Petroleum	Retail	Bray	Kgalagadi
Blue Boot Haven (Pty) Ltd	13/08/2021	Petroleum	Retail	Metlojane	Southern
First Auto (Pty) Ltd	13/08/2021	Petroleum	Retail	Mochudi	
Powercom (Pty) Ltd	01/09/2021	Petroleum	Retail	Mogoditshane	Kweneng
Tipflow Enterprises (Pty) Ltd	03/09/2021	Petroleum	Retail	Letlhakane	Central
Kazungula Depot (Pty) Ltd	15/10/2021	Petroleum	Retail	Kazungula	Chobe
Busmate Investments (Pty) Ltd	15/10/2021	Petroleum	Retail	Oodi	South East
Sefalana Cash & Carry Limited (Pty) Ltd	15/10/2021	Petroleum	Retail	Gaborone	Gaborone
Pinestone (Pty) Ltd	19/10/2021	Petroleum	Retail	Thamaga	Southern
Bajaj Auto (Pty) Ltd	29/10/2021	Petroleum	Retail	Maun	North West
Hedge Right Investments (Pty) Ltd	19/11/2021	Petroleum	Retail	Goodhope	Southern

LICENSED ACTIVITIES (CONTINUED)

LICENSES ISSUED IN THE FINANCIAL YEAR 2021/22

COMPANY NAME	DATE OF APPROVAL	SECTOR	ACTIVITY	LOCATION	REGION
Screen Arc Investments (Pty) Ltd	28/01/2022	Petroleum	Retail	Gaborone	Gaborone
Real Touch Development Solutions (Pty) Ltd	18/03/2022	Petroleum	Retail	Dibete	Central
Heritage Contractors (Pty) Ltd	16/07/2021	Petroleum	LPG Wholesale	Gaborone	Gaborone
Heritage Contractors (Pty) Ltd	18/05/2021	Petroleum	Import	Gaborone	Gaborone
Phakene Petroleum Botswana (Pty) Ltd	18/05/2021	Petroleum	Import	Gaborone	Gaborone
Go Pure Investments (Pty) Ltd	18/05/2021	Petroleum	Import	Gaborone	Gaborone
Beckley-Care Holdings (Pty) Ltd	04/06/2021	Petroleum	Import	Gaborone	Gaborone
Apex Petroleum Oil (Pty) Ltd	04/06/2021	Petroleum	Import	Gaborone	Gaborone
Mafuta Petrologistics (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Botsoil & Lubricants (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Ntshudisane Investments (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Convergial (Pty) Ltd	11/06/2021	Petroleum	Import	Gaborone	Gaborone
Intra-Technology Systems (Pty) Ltd	25/06/2021	Petroleum	Import	Gaborone	Gaborone
Hass Petroleum Botswana (Pty) Ltd	25/06/2021	Petroleum	Import	Gaborone	Gaborone
Investway (Pty) Ltd t/a InterAfrique Botswana	08/07/2021	Petroleum	Import	Gaborone	Gaborone
Kasi Fuels (Pty) Ltd	06/08/2021	Petroleum	Import	Gaborone	Gaborone
Red Potatoes (Pty) Ltd	27/08/2021	Petroleum	Import	Gaborone	Gaborone

LICENSED ACTIVITIES (CONTINUED)

LICENSES ISSUED IN THE FINANCIAL YEAR 2021/22

COMPANY NAME	DATE OF APPROVAL	SECTOR	ACTIVITY	LOCATION	REGION
Enesianasimba (Pty) Ltd	10/09/2021	Petroleum	Import	Francistown	Francistown
Hallel (Pty) Ltd	10/09/2021	Petroleum	Import	Kazungula	Chobe
Guilhall Investments (Pty) Ltd	15/10/2021	Petroleum	Import	Gaborone	Gaborone
Bangodjena Investments (Pty) Ltd	15/10/2021	Petroleum	Import	Gaborone	Gaborone
Mainaina Investments (Pty) Ltd	29/10/2021	Petroleum	Import	Gaborone	Gaborone
Energy Source (Pty) Ltd	05/11/2021	Petroleum	Import	Gaborone	Gaborone
Control Matrix (Pty) Ltd	15/11/2021	Petroleum	Import	Gaborone	Gaborone
Acer Petroleum (Botswana) (Pty) Ltd	14/01/2022	Petroleum	Import	Gaborone	Gaborone
Southern African Stones (Pty) Ltd	28/01/2022	Petroleum	Import	Gaborone	Gaborone
Kwa Nokeng Oil 2 (Pty) Ltd	21/02/2022	Petroleum	Import	Gaborone	Gaborone
Lucara Botswana (Pty) Ltd	14/01/2022	Electricity	Authorization to construct a Solar PV Plant	Letlhakane	Central
AgriVolt BE (Pty) Ltd	14/01/2022	Electricity	Generation	Gaborone	Gaborone
Lucara Botswana (Pty) Ltd	18/03/2022	Electricity	Generation	Letlhakane	Central
Meybeernick Investments (Pty) Ltd	18/03/2022	Electricity	Generation	Gaborone	Gaborone
Go Pure Investments (Pty) Ltd	14/01/2022	Petroleum	Export	Francistown	Francistown
Sky Bridge Capital (Pty) Ltd	27/08/2021	Petroleum	Authorisation To Construct Fuel Depot	Francistown	Francistown

LICENSED ACTIVITIES (CONTINUED)

LICENSES ISSUED IN THE FINANCIAL YEAR 2021/22

COMPANY NAME	DATE OF APPROVAL	SECTOR	ACTIVITY	LOCATION	REGION
Pearl Valley Investments (Pty) Ltd	10/09/2021	Petroleum	Authorisation To Construct Fuel Depot	Pandamatenga	Chobe
Acer Petroleum Botswana (Pty) Ltd	25/06/2021	Petroleum	Authorisation To Construct Filling Station	Molepolole	Kweneng
Maneo Investments (Pty) Ltd	10/09/2021	Petroleum	Authorisation To Construct Filling Station	Lentsweletau	Kweneng
Puma Energy Botswana (Pty) Ltd	29/10/2021	Petroleum	Authorisation To Construct Filling Station	Boatle	South East
Miranda's Fresh Produce and Supermarket (Pty) Ltd	15/11/2021	Petroleum	Authorisation To Construct Filling Station	Shoshong	Central
Puma Energy Botswana (Pty) Ltd	21/02/2022	Petroleum	Authorisation To Construct Filling Station	Mahalapye	Central

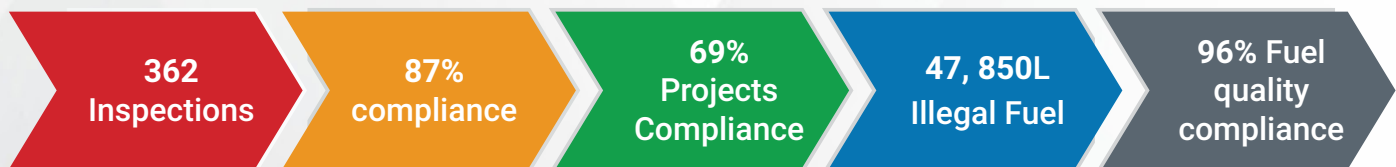


INSPECTIONS, SUPERVISION & ENVIRONMENTAL COMPLIANCE DEPARTMENT

The Authority continued to monitor and enforce compliance through its Inspections, Supervision and Environmental Compliance department in the financial year 2021/22. In an endeavour to realise continuous improvement in service delivery, an enhanced compliance monitoring programme was implemented. This programme includes project monitoring for all energy infrastructure developments authorised in accordance with Section 41 of the BERA Act on authorisation to construction of infrastructure.

Moreover, audits, inspections, fuel quality testing and investigations of non-compliance with legal requirements were carried out in this period. The performance monitoring tools such as the Star Rating Program and Key Performance Indicators were initiated during this financial year as pilot projects with results expected in 2022/23 FY.

2021 / 22 HIGHLIGHTS



INSPECTIONS, SUPERVISION & ENVIRONMENTAL COMPLIANCE DEPARTMENT**COMPLIANCE LEVEL OF OPERATORS**

A total of 362 inspections against a target of 270 were carried out during this financial year being 96 retail service station, 12 storage facilities, 74 liquefied petroleum gas (LPG) retail facilities, 105 Star rating assessments and 75 projects under construction throughout the country. The overall compliance level was maintained at 87% as compared with 86% that was obtained in the previous financial year. Moreover, a total of two hundred and seventy - seven (277) fuel samples were collected and tested for quality from 95 facilities around the country, yielding a compliance level of 96%, which is a drop by 1% from 97% of the previous financial year.



COMPLIANCE LEVEL OF OPERATORS (CONTINUED)

COMPLIANCE LEVEL OF OPERATORS

A total of 362 inspections against a target of 270 were carried out during this financial year being 96 retail service station, 12 storage facilities, 74 liquefied petroleum gas (LPG) retail facilities, 105 Star rating assessments and 75 projects under construction throughout the country. The overall compliance level was maintained at 87% as compared with 86% that was obtained in the previous financial year. Moreover, a total of two hundred and seventy - seven (277) fuel samples were collected and tested for quality from 95 facilities around the country, yielding a compliance level of 96%, which is a drop by 1% from 97% of the previous financial year.

On the other hand, the Star Rating and Key Performance Indicator projects were initiated in Gaborone and surrounding areas, whereby 72 survey inspections and 33 technical assessments inspections were carried out. During these assessments, 7 retail facilities were temporarily closed for gross non-compliances.

On a positive note, 6 of these have since addressed the non-compliances and advised to re-open whilst 1 remains closed. The major concern with non-compliances was found to be lack of environmental protection systems, whereby waste oils from the sites directly polluted the environment. Other concerns related to situations where employees were not trained on handling of hazardous goods that they deal with.







FUEL QUALITY

The Authority's continuous efforts to enhance monitoring were realised through the increased fuel quality sampling and testing by 16.4% from 238 in the previous financial year to 277 in the current financial year. BERA continues to participate in a voluntary proficiency testing scheme hosted by American Society of Testing and Materials (ASTM).

Due to inadequate equipment, our test results yielded a confidence level of 77.5%. In an endeavour to improve our fuel testing capacity and improve confidence level on our results, the Authority awarded a tender for the refurbishment of its existing mobile laboratory to a citizen owned company at the value of P3.9million.

This project is expected to be completed in the next financial year (2022/23) and will provide the Authority with a mobile laboratory that is able to access all areas of Botswana. Such a facility will provide for testing of products and release of results on site. This laboratory will increase the Authority's coverage as well as efficiency in both conducting the tests and providing the results hence allowing for immediate action to be taken on site where there is a non-compliance.

SURVEILLANCE ACTIVITIES

During surveillance activities in the current financial year, the Authority collected and disposed 47,850 litres of illicit fuel indicating an alarming 88.5% increase from 25,390 litres recorded in the previous financial year. Of this fuel 15.6% (7,481L) was found to be diesel, 63.7% (30,491L) petrol whilst 20.6% (9,878L) was adulterated fuel. The surveillance activities were prevalent in the North-eastern parts of the country especially the villages of Ramokgwebana, Tshesebe, Moroka, Matsiloje, Tutume, Maitengwe, Kazungula and Mabolwe.

PROJECT MONITORING

In accordance with Section 41 of the BERA Act on authorisation to construction of infrastructure, the Authority issues authorisations for construction of various energy infrastructure developments. The Authority is mandated by the Act to oversee these projects and conduct inspections from time to time to ensure adherence to all regulatory requirements during construction. To this end, an average of 69% compliance rate was recorded as non-compliances in the following areas: failure to stick to approved drawings, making critical changes on site without prior authorisation and failure to stick to the project plans.

HUMAN RESOURCES AND ADMINISTRATION DEPARTMENT

MANDATE

The Department of Human Resource and Administration provides strategic support to the business in the areas of talent management, staff welfare, employee wellness Industrial and employee relations management, organisational development, performance management, change management, and human capital development.

The Department also has a mandate of Administration Services which are amongst business support functions to the operations of the Authority which includes records management, fleet management, office security, cleaning services and facility management.

EMPLOYEE ENGAGEMENT

Following the employee engagement survey that was conducted during the year under review, BERA made a commitment to improve employee engagement levels through the implementation of the recommended action plan that is focusing on all the areas identified as of concern from the survey report.

Additionally, management continues to promote continuous engagement with employees through the staff meetings and Staff Welfare Committee which are forums used to communicate with employees to address identified welfare issues, and any other matters as well as suggestion for improvement that can assist to increase engagement while creating a thriving work environment.

STAFF WELFARE

BERA is committed to upholding its values and thus creating a thriving workforce by focus on improving the welfare of the employees.

The authority takes care of its employees as their most valuable asset and as such, places the welfare of the employees as top business priority. The Human resources Department is driving the staff welfare initiatives in the annual plan, set

out in to two components, being the Employee Wellness and Team Building.

Activities under each initiative are planned every year, with a theme and a set of objectives implemented through the established Staff Welfare Committee. The Staff Welfare Committee was established through a representation of all departments set out to create a platform for inclusion, consultation, and collective ownership that the department works closely with in driving the initiatives that are put in place to improve the welfare of the employees in the organisation.

EMPLOYEE WELLNESS

BERA management supports the general wellbeing of its employees and has employee health and wellness as one of the priorities in the Human Resources annual business plan. During the year under reporting, the Authority successfully implemented the employee wellness initiatives through an outsourced Wellness Consultant, which has been contracted for a fixed term. The services offered include Absenteeism Management, Financial health, Psychosocial support, health, and wellness education as well as E-care, which is an online self-service health support system. All initiatives that were planned during the period were positively fulfilled with positive uptake and feedback from employees as conducted at the end of the year survey.

The Human Resources has a corporate wellness week on an annual basis. The theme for the year under review was **"Self-care and mindfulness"**. During the wellness week, an array of activities were executed throughout the week such as Health screening, Motivational talk, Financial literacy education, and Health Edu talk. The wellness week ended with a Wellness Day event where all employees came together in a relaxed set up, participating in interactive activities aimed at getting employees to unwind, as well as strengthening interpersonal relationships. Teambuilding activities performed during wellness day included Fitness challenge and

HUMAN RESOURCES AND ADMINISTRATION DEPARTMENT (CONTINUED)

Mental challenge amongst others.

The BERA Running club participated in the inaugural Kazungula bridge Marathon as one of the planned annual activities under the Staff Welfare plan. The Authority recognizes its employees as the BERA Brand ambassadors and as such, taking part in the Marathon was not just for fitness and wellness intention, but rather, used as a platform to sell the employer brand, increase the BERA brand visibility as well as improve Employer value proposition.

TEAMBUILDING INITIATIVES

The Authority successfully implemented team building activities that were planned for the year. These includes Culture Day, which was held on the 29th of September as a way of celebrating Botswana Independence Day. Employees were dressed in Cultural attire as a way of recognizing the Botswana culture.

Furthermore, October was observed as Breast cancer awareness month which was launched through a health talk delivered through an awareness education on the prevention of breast cancer as well as giving support to those that have been affected. This was followed by observing the month with employees dressed in pink and wearing pink ribbons on Fridays, for awareness the entire month.

December 1st was observed as World AIDS day, the authority joined the international commemoration under the theme "End Inequalities End AIDS" as set out by the World Health Organisation, with a special focus on children as some of the people considered to be left behind in the fight against AIDS. This commemoration was honored through a motivational talk delivered organisation wide, by the outsourced service provider, under the topic, "CHILDREN ARE FALLING BEHIND IN THE RACE TO END AIDS".



As it is part of the corporate culture, the Authority hosted the annual staff end of year party that was held in December 2021 to appreciate the employees, recognize their endless efforts and contribution to the success of BERA mandate. The Human Resources in collaboration with the Staff welfare committee organized a successful end of year party that was held in Manong lodge in Lobatse.

During this event, a couple of team building activities such as karaoke contest were amongst the intriguing activities. All employees conformed to the theme "My favorite music icon" and participated in the karaoke contest, an activity that was successfully executed with demonstrable team cohesion and camaraderie in the process.

FINANCE AND INFORMATION TECHNOLOGY DEPARTMENT

FINANCIAL PERFORMANCE

INCOME

The financial performance of the Authority as presented in the Statement of Comprehensive Income, shows an increase in operational activity post Covid-19 period, compounded by rising prices as inflation rose to an all time high in the year under review. This resulted in the significant increase in recurrent subventions from P49.6m in 2021 to P55.8M (P6.2m).

OTHER INCOME

Other income, which is mainly amortisation of capital grants increased significantly due to accelerated release of capital grants arising from disposal of part of Lobatse office fixtures and fittings, which forms part of the carrying amount of the Authority's Property, Plant and Equipment.

OPERATIONAL EXPENSES

The surge in operational activity stated above was caused by an increase in Regulatory activities, such as stakeholder engagements and regulatory compliance monitoring, including site visits and inspections. Some strategic projects were also initiated in the year under review and all these resulted in an increase in operating expenses from P54.2m in 2021 to P61.9M in the year under review. This represents an increase of P7.7m).

OPERATING SURPLUS

The Authority achieved an operating surplus in the current year (P3.2m) as opposed to a deficit of P0.8m in the previous year. The improvement (P4.1m) was mainly driven by release of a significant amount of revenue from deferred income.

FINANCE INCOME

Finance income relates to interest from call and deposit accounts, while finance costs relate to interest applied on lease liabilities in terms of IFRS16. Current year amounts are relatively similar to previous year, in other words no

material differences were noted.

FINANCIAL POSITION

The financial position of the Authority has improved during the period under review. Generally, the liquidity of the Authority has improved, as evidenced by improvement in Quick ratio (which is the same as current ratio because the Authority does not hold inventory), from 0.92 to 1.02. This means the Authority now has enough current assets to liquidate in the event it has to settle current obligations such as employee contractual benefits, lease obligations, and trade payables.

OPERATING SURPLUS

The Authority has moved from a deficit to a surplus during the year, hence a positive return on asset of 8% as compared to 2% in 2021. The surplus reported during the year has covered accumulated loss at the start of the Financial period, and as at year end the Authority posted cumulative surplus. As a result, return on equity for the year under review is 190%, a materially improvement from the 58% reported in the prior year.

WORKING CAPITAL

The Authority's Net Working Capital has improved significantly from a negative position to P736.4k (2021: -P2,586.7k), owing to significant cash position at current year end. The Authority's leverage has improved since prior year; however the debt levels remain high, notably provisions for employee benefits obligations. The liabilities are however mitigated by bank balances held in call accounts to cover these obligations.

IT INFRASTRUCTURE AND SECURITY

The Authority has completed a project called Supply, implementation, commissioning of a Hyperconverged server and storage infrastructure, security and backup solution. The project included the supply and implementation of high-end server nodes, storage devices, firewalls as well as a cloud installation for disaster

AUTOMATION

Microsoft documents, PDFs, and other files quickly with digital or electronic signatures. The implementation of Acrobat sign has improved our document security and was done to facilitate business continuity in the midst of Covid-19 restrictions.

The Authority is looking to develop a Licensing Management System as well as update its Website with the objective of automating the licence application process and improving access to all BERA services. As at year end these projects were at procurement stage.



MARKETING AND COMMUNICATIONS UNIT

The Marketing and Communications Unit drives the strategic objective: Improve Communications and Stakeholders engagements and supports the Authority by ensuring that mutual relationships between internal and external stakeholders are developed and nurtured.

In addition, the Unit manages the public image and reputation of the Authority through continuous engagement with the public and media houses. In the year under review, Authority carried out fifty-two (52) stakeholder engagement activities which were widely covered by the Media.

These engagements ranged from Electricity

Tariff, Fuel price adjustments, illegal handling of fuel, non-compliance by licensees and consumer complaints. In addition to the stakeholder engagements, the Authority issued fourteen (14) media statements covering a range of issues from incidents that transpired at certain energy establishments to closure of certain filling stations for non-compliance. The publication of these decisions was done in the spirit of protecting the public, consumers and the environment as espoused in the BERA Act.

PRESS RELEASES

The following media releases were issued and covered by various media houses;

DATE ISSUED	TITLE
30 March 2022	BPC Electricity Tariff Adjustment Review for the 2022/23 Financial Year
28 March 2022	Adjustment of Fuel Pump Prices for Petrol, Diesel and Illuminating Paraffin - March 2022
21 March 2022	Status of Oil Separator Pits of Service Stations
11 March 2022	Press release - BERA selected as Vice Chair of RERA
23 February 2022	BERA - EXPRESSION OF INTEREST (CONSULTING SERVICES)
20 December 2021	Adjustment of Fuel Pump Prices for Petrol, Diesel and Illuminating Paraffin - December 2021
19 December 2021	Adjustment of Fuel Pump Prices for Petrol, Diesel and Illuminating Paraffin - December 2021
17 December 2021	Closure of Ramatlabama filling station
30 November 2021	LPG Market Study Report (July - Aug 2021)
08 October 2021	Adjustment of Fuel Pump Prices for Petrol, Diesel and Illuminating Paraffin - October 2021
17 Sept. 2021	National Energy Policy Final
26 July 2021	Botswana Oil Limited Application For A 50% Petroleum Products Import Licence
24 July 2021	Botswana Power Corporation Electricity Tariff Adjustment Proposal
09 July 2021	Fuel Prices Adjustment - July 2021
10 May 2021	Fire Incident at TM Filling station
31 March 2021	Fuel Prices Adjustment – March 2021



Inaugural Botswana Liquified Petroleum Gas (LPG) Committee as elected by the LPG Association



Engineering Manager Mr. Gift Bakumbi sensitizing the public on how to avoid petroleum product mixing at Botswana Television



BERA Press Conference on Adjustment of fuel prices

STAKEHOLDER ENGAGEMENT

The Authority has as one of its strategic objectives being Improve Communications and Stakeholders engagements. In order to fulfil this objective, the Authority has made purposeful efforts towards improving stakeholder engagements. In the year under review, the Authority has recorded a notable increase in number of engagements across all our stakeholder segments.

Worth noting in the year under review was formation of the Liquified Petroleum Gas Association of Botswana through the Authority's stakeholder engagements with the gas industry. The association is critical since it will go along way in strengthening the working relationships between the gas industry players, consumers and the Authority.

With the relaxation of Covid 19 protocols, the Authority took to the community Consumer Settlement Procedures through road shows in cities, towns and villages. In addition, robust Press Conferences were held and Public Hearings on Tariff Reviews were Conducted. These provided an opportunity of receiving consumer feedback and representation. Awareness campaigns in engaging kgotla meetings and numerous studies on activities were also conducted to include all under the ambit of the Authority.

Further to these the BERA immediately took part in exhibitions after the lifting of tight covid regulations which now liberated movements. These activities proved the Authorities mettle in scooping various awards.



REGIONAL AND INTERNATIONAL INTEGRATION



Regional Energy Regulators Association of Southern Africa (RERA) Executive Committee held in Maun, Botswana

During the financial year under review, the Authority continued to participate and contribute to the region's development of energy regulations

and best practices through the Regional Energy Regulatory Association of Southern Africa (RERA). RERA is one of the three specialised



agencies of the Southern African Development Cooperation (SADC) Secretariat mandated by the SADC Member States to contribute to the realisation of the SADC Energy Sector objectives

from a regulatory perspective.

The Authority as a member Regulator of RERA continued to work alongside RERA guiding principles and objectives. The Authority participated in the RERA's various Sub-Committees which include; Legal, Communication and Consumer Services, Technical, Electricity and Petroleum.

In these Subcommittees, a development and consolidation of regional standards, regulations and best practises is done, approved by the four Portfolio Committees before being ratified at the Annual General Meeting.

During the period under review, RERA held 2 virtual meetings per Sub-Committee and Portfolio Committees. The Authority attended and participated fully in both meetings.

In its General Meeting held in February 2022 at Swakopmund, Namibia, RERA member regulators elected the BERA CEO as the Deputy Chairperson of the Association.

As a member Regulator of RERA, the Authority had benefited in attending different workshops and training with other energy regional and international organisations like National Association of Regulatory Utility Commissioners (NARUC), Southern African Power Pool (SAPP), International Confederation of Energy Regulators (ICER), Confederation of European Energy Regulators (CEER). Members attended workshops on Renewable Energy and Energy Efficiency hosted by SACREE.

RERA CHALLENGES

Major constraints that RERA faced in 2021 was disruption of physical meetings due to the covid-19 pandemic. Virtual meetings-were hld to contunue in executing the mandate of the association even through the meetings.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Authority endeavors to promote its positive brand image by improving various aspects of the society. To this end, BERA conducted three (3) Corporate Social Responsibility activities mainly in the form of donations due to restricted interactions amid the Covid 19 pandemic. The first activity was the donation of reusable face masks to Peleng Primary School in Lobatse. This activity was in response to the schools plea for assistance as they wished to mitigate the risk of exposure to Covid 19. This also addressed the issue of student missing lessons because they had inadvertently forgotten their masks at home.

The second activity was a donation of desktop computers to Ipelegeng Community Junior Secondary School in Lobatse. The desktop computers were used to resource the Schools administration department and improve the efficiency and effectiveness of the school as a whole.

Furthermore, the Authority donated toiletry to Camphill Community Trust in March 2022, which currently provides education and training to sixty (60) children and young adults with learning disabilities. The school, which is located in Otse, also assists its graduates find employment opportunities in spite of their disabilities. Those that are not able to find employment are equipped to run small enterprises. The Authority further participated in the Camphill Community Trust Sponsored Walk, the proceeds of which were used to renovate one of the hostels at the school.

CSR ACTIVITIES

Date	Title	Venue
23 Mar 2022	Donation of Toiletry Worth 10 000 BWP	Camphill Community Trust - Otse
22 Apr 2021	Donation of 750 Face Masks to Peleng West Primary School	Lobatse
20 Apr 2021	Donation of Desktops to Ipelegeng CJSS	Lobatse





STRATEGY & RISK UNIT

ENTERPRISE PERFORMANCE MANAGEMENT

The Authority also has adopted an Enterprise Risk Management policy and which is operationalised through Enterprise Risk Management plan and the following risk management activities were achieved during the period under review:

- **Strategic planning:** Strategic plan and 2021/22 business plan were all approved in May 2021 whilst the annual strategy review for Financial 2022/23 was done in February 2022 within the planned period.
- **Strategy Cascading** was done to all staff, with scorecards for all departments in place, but not on time as per the EPM policy.
- **Strategy execution:** The average corporate performance level was 71% against the targeted 80% whereby 20 out of 28 performance measures were performing well.
- **Project portfolio management:** Project management policy and change management policy were approved by the Board in June 2021 as per the plan. These policies will enhance successful management of all strategic projects registered with the Authority's project portfolio as well as small projects implemented at operational level

ENTERPRISE RISK MANAGEMENT

The Authority also has adopted an Enterprise Risk Management policy and which is operationalised through Enterprise Risk Management plan and the following risk management activities were achieved during the period under review

- **Analysis of risk heat map:** The revised corporate risk register was approved in May 2021. There has been no movement on the risk level for all the top risks.
- **Compliance to the Authority's Risk Appetite (RAS):** The Authority has established a RAS dashboard reporting structure indicating eighteen (18) metrics that were tracked at corporate level for the period under review. Six (6) of the eighteen (18) metrics performed outside the risk appetite or acceptable risk tolerance levels.
- **Summary of risk mitigation progress:** Thirty – eight (38) mitigating actions were identified to minimise the likelihood of the top corporate risks occurring, whereby: 30 mitigating actions are ongoing and 8 have not yet started. Out of 30 ongoing actions, 22 are performing well (that is either green or amber) whilst 8 are red. This translates to percentage progress of 73%.
- **Progress update of the Enterprise Risk Management plan:** Three (3) out of the four (4) planned activities were completed as of quarter 4, whereas one (1) activity was on ongoing, this translates to 76.25% achievement.
- **Incident Reporting:** There was no incident reported during this quarter.



INTERNAL AUDIT UNIT

The BERA Management and Board rely on Internal Audit for objective assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes. The Institute of Internal Auditors (IIA) defines Internal Auditing as “..... an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

In providing its services to the Authority, the Internal Audit unit relies heavily on the three key pillars of; **Assurance, Insight and Objectivity** as value propositions as captured below:

Assurance: that the Authority is operating as the Management and Board intends. This is achieved when: -

Governance: has been established as a core principle of the Authority and there is a strong control, accurate reporting, effective oversight, mitigation of risks and protection of its investments.

Risk: is continuously being addressed by assisting Management and other governing bodies (including the Board) to identify and manage it.

Controls: perform as designed and the Internal Audit function provides the insight on their efficacy.

Insight: The Internal Audit function act as a catalyst for improving the Authority's efficacy by awareness and providing recommendations based on thorough interrogation of issues, analyses and assessment of data and business processes. This is achieved by being:





INTERNAL AUDIT UNIT (CONTINUED)

The body that the Auditing function reports (*practice is Functionally to the Board and Administratively to the Chief Executive Officer*).

Catalysts: evaluating processes, reports findings and recommending appropriate courses of action. Advising Board and Management on key projects and initiatives.

Analysts: analysing data and information to provide deep knowledge into process improvements to enable better control.

Assessors: assesses the efficiency and effectiveness of operations and protection of the Authority's assets.

Objectivity: The Internal Audit function provides value to the Management and Board as an independent source of objective assessment of operations and advise accordingly. This is achieved through:

Integrity: ie grounded in professionalism as captured in the Auditing Standards and Code of Ethics.

Accountability: i.e., being accountable and reliable in assisting the Management and Board to achieve their objectives.

Independence – of: - The mind of the Auditor (from any influence internally and externally in execution of auditing duties).

The operations being audited.

NOT ASSUME ANY OPERATIONAL RESPONSIBILITIES.

The Internal Audit function had completed two (2) audits against the planned three (3) audits for the period under review. The Authority in its endeavour to strengthen its internal quality assurance system has implemented the Internal control index which in the current reporting period, stood at 57% against the targeted 85% as of March 2022.

Audit recorded ninety-two (92) audit recommendations from both internal and external audit during the period under review, of which 40 recommendations have been completed compared to 36 in 2020-21, an 11% improvement on the previous year.

Of the ninety-two (92) audit recommendations, fifty-two (52) were reported as work-in-progress. This amounts to 57% of the ninety-two (92) audit recommendations. These recommendations will be fully implementable once the restructuring exercise has been completed as they related mostly to segregation of duties which can only be effected once human capital resources are in place.

The Authority has set its closure rate target at 90% and for the year under review has only managed to achieve an overall forty-three percent (43%) closure rate as compared to forty-six percent (46%) in previous year. The Internal Audit function intends to automate its processes, in the coming year, to improve the efficiency with which it fulfils its assurance mandate.





ANNUAL FINANCIAL **STATEMENTS**





ANNUAL FINANCIAL STATEMENTS

AUTHORITY INFORMATION**FOR THE YEAR ENDED 31 MARCH 2022**

Botswana Energy Regulatory Authority (BERA) is a governmental organisation formed to regulate the energy sector including Petroleum, Gas and Electricity. The address of the Authority is Plot 8842, Extension Town Centre, Lobatse, Botswana.

Botswana Energy Regulatory Authority was established under the Botswana Energy Regulatory Authority Act, 2016 to regulate energy in Botswana.

Registered address:

Plot 8842
Extension Town Centre
Lobatse

Board of Director

Justice Thebe Moilwa (Chairperson)
(Appointed – 09/02/2022)
Fanile Mathangwane (Deputy Chairperson)
Grace S. Olweny
Pauline Paledi- Mokou
Oupa Percy Mothibatsela (Resigned - 30/04/2021)
Boineelo Lobelo (Resigned - 30/04/2021)
Leungo Kelebopile (Appointed – 01/05/2021)
Geoffrey Serebolo (Resigned - 08/09/2021)
Lesedi Lesetedi (Co-opted -27/09/2021)
Adelaide Dolly Selolwane (Appointed – 09/02/2022)
Christophine Osego Ofentse (Removed – 16/02/2022)
Rose Nunu Seretse (Ex-officio)

Secretary:

Yamikani Patson

Postal address:

Private Bag 111, Lobatse
Botswana

Auditors:

Grant Thornton Chartered Accountants
A Botswana member of Grant Thornton International

Bankers:

Absa Bank Botswana Limited
First Capital Bank Botswana Limited

CONTENTS

FOR THE YEAR ENDED 31 MARCH 2022

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2022

The Board of Directors of Botswana Energy Regulatory Authority ("Authority") is responsible for the annual financial statements and all other information presented therewith (Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Funds and Statement of Cashflows). Their responsibility includes the maintenance of true and fair financial records and the preparation of the annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Energy Regulatory Authority Act, 2016.

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

The going concern basis has been adopted in preparing the annual financial statements. The Board of Directors have no reason to believe that the Authority will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Mineral and Energy.

Our external auditors conduct an examination of the annual 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 on pages 8 to 35 and supplementary information on Annexure 1 were authorized for issue on..... by the Board of Directors and are signed on its behalf by:

Director

Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022



Chartered Accountants

Grant Thornton

Acumen Park, Plot 50370
Fairgrounds, Gaborone
P.O. Box 1157
Gaborone Botswana

T +267 395 2313

F +267 397 2357

[linkedin.com/entity/Grant-Thornton-Botswana](https://www.linkedin.com/entity/Grant-Thornton-Botswana)
twitter.com/GrantThorntonBW

Independent Auditor's Report

To the directors of Botswana Energy Regulatory Authority

Opinion

We have audited the annual financial statements of Botswana Energy Regulatory Authority set out on pages 11 to 32, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the financial position of Botswana Energy Regulatory Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the annual financial statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

Independent Auditor's Report (continued)**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

Key audit matter	How the matter was addressed in our audit
<p>Grant Revenue</p> <p>The entity relies on Government Grants to sustain its activities. The activities include those that are recurrent in nature for administrative purpose of the entity and remuneration of its employees. In addition, the company also receives grants that relate to the procurement of assets which are termed as capital grants.</p> <p>The recognition of these grants is in accordance with the principles outlined in IAS 20: Accounting for Government Grants and Disclosure of Government Assistance which requires the company to recognize grants related to income and assets in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.</p>	<ul style="list-style-type: none"> • We agreed Government Grants received to the Company's bank accounts without any exceptions • We sought confirmation of Government grants received from the ministry of Mineral Resources, Green Technology & Energy Security • We verified the grants received against budgets approved by the Authority and submitted to the Government. Based on the results of our procedures, we concluded that the Authority was entitled to the grants received and concurred with the categorization of the grants considering the nature of expenditure included in these budgets and deferred income recorded in the financial statement. • To test the amortization of capital asset grants, we tested whether the amortization for those specific grants was recognized in the statement of comprehensive income over the useful life of the underlying asset. We did not identify any exceptions.
<p>Operating expenses</p> <p>The operations of the Authority are supported by significant expenditure/purchases and moreover compliance with the procurement procedures has been flagged as a significant risk. Thus, the matter has been considered key to the audit.</p>	<ul style="list-style-type: none"> • We obtained an understanding of controls surrounding procurement and performed walk-throughs to ensure they were operating effectively during the year. • We selected a monetary unit sample and tested the same to ensure that the disbursements were following the Authority's policies and were legitimately for the purpose of the Authority's operations

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Energy Regulatory Authority annual financial statements for the year ended 31 March 2022", which includes the Directors' Report and the Detailed Income Statement, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

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

In preparing the annual financial Statements, the directors are responsible for assessing the Authorities' 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 Authorities' 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Report on other legal and regulatory requirements

In accordance with section 30 (3) of the Botswana Energy Regulatory Authority Act, 2016 (the BERA Act) we confirm that:

- We have received all the information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors.
- The accounts and related records of the Authority have been properly maintained.
- The Authority has complied with all financial provision of the BERA Act with which it is the duty of the Authority to comply with.
- The financial statements of the Authority were prepared by the Authority on the basis that is consistent with that of the preceding year.

Grant Thornton
Firm of Certified Auditors
Practicing member: Sunny Mulakulam (CAP 0034 2022)

Gaborone

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 P	2021 P
Grants and subventions	5	55,837,356	49,631,746
Other income	6	9,298,048	3,768,605
Operating expenses	7	(61,888,966)	(54,208,051)
Operating surplus/(deficit)		3,246,438	(807,700)
Finance income	9	88,217	81,980
Finance costs	13	(136,734)	(150,315)
Net finance (cost) / income		(48,517)	(68,335)
Surplus/(deficit) before tax		3,197,921	(876,035)
Income tax expense	10	-	-
Surplus/(deficit) for the period		3,197,921	(876,035)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the period		3,197,921	(876,035)

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 P	2021 P
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,499,008	13,796,023
Right-of-use-assets	13	2,082,480	3,033,759
Intangible assets	14	138,166	18,364
		7,719,654	16,848,146
Current assets			
Trade and other receivables	15	1,043,600	1,153,969
Cash and cash equivalents	16	31,912,009	27,585,826
		32,955,609	28,739,795
Total assets		40,675,263	45,587,941
FUNDS AND LIABILITIES			
Funds			
Accumulated surplus / (deficit)		1,686,916	(1,511,005)
		1,686,916	(1,511,005)
Non-current liabilities			
Capital grants	17	5,637,174	13,814,388
Lease liability	13	1,132,008	1,958,055
		6,769,182	15,772,443
Current liabilities			
Lease liability	13	1,037,117	1,283,211
Deferred revenue	18	13,505,945	14,745,301
Trade and other payables	19	17,676,104	15,297,991
		32,219,166	31,326,503
Total liabilities		38,988,347	47,098,946
Total funds and liabilities		40,675,263	45,587,941

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2022

	Accumulated (deficit) / surplus	Total funds
	P	P
For the year ended 31 March 2021		
Balance at 1 April 2020	(634,970)	(634,970)
Comprehensive income		
Deficit for the year	(876,035)	(876,035)
Balance at 31 March 2021	(1,511,005)	(1,511,005)
For the year ended 31 March 2022		
Balance at 1 April 2021	(1,511,005)	(1,511,005)
Comprehensive income		
Surplus for the year	3,197,921	3,197,921
Balance at 31 March 2022	1,686,916	1,686,916

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 P	2021 P
Cash flows from operating activities			
Operating surplus / (deficit) for the period		3,246,438	(807,700)
Adjusted for:			
Non cash Items:			
Amortisation of capital grants	17	(9,155,209)	(3,703,922)
Amortisation of intangible assets	14	34,665	106,363
Depreciation on property, plant and equipment	12	3,463,301	3,582,543
Depreciation on right-of-use asset	13	1,130,509	1,255,349
Reclassification of Property, plant and equipment		361,746	-
Loss from disposal of assets		5,295,494	-
Loss from disposal of right-of-use assets		2,510,698	-
Right-of-use assets acquired during the year		(2,689,928)	-
New leases acquired during the year		(3,241,266)	-
Leases terminated during the year	13	2,667,435	-
Changes in working capital:			
(Increase) / decrease in trade and other receivables		110,369	(133,223)
(Decrease) / increase in trade and other payables		2,378,113	6,257,472
Increase in deferred income		(1,239,356)	9,267,091
Cash generated from operating activities		4,873,009	15,823,973
Interest paid	13	(136,734)	(150,315)
Net cash generated from operating activities		4,736,275	15,673,658
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(977,995)	(3,213,187)
Proceeds from property, plant and equipment		-	15,018
Interest received	9	88,217	81,980
Net cash used in from investing activities		(889,778)	(3,116,189)
Cash flows from financing activities			
Capital grant received during the year	17	977,995	3,213,187
Principal portion of lease payments	13	(498,310)	(1,313,696)
Net cash generated from financing activities		479,685	1,899,491
Net increase in cash and cash equivalents		4,326,183	14,456,960
Cash and cash equivalents at beginning of the period		27,585,826	13,128,866
Cash and cash equivalents at the end of the period	16	31,912,009	27,585,826

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 General information

Botswana Energy Regulatory Authority ("Authority") is a governmental organisation which was established under the Botswana Energy Regulatory Authority Act, 2016 to regulate energy sector in Botswana. The address of its registered office is Plot 8842, Extension Town Centre, Lobatse, Botswana.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The annual financial statements have been prepared under the historical cost convention except for financial instruments which are recognized and subsequently measured at fair value.

The preparation of annual financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the Board of Directors' best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Authority's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in Note 4.

2.1.1 Adoption of standards in the current financial year

(a) New standards, interpretations and amendments adopted by the Authority

There have been no new accounting policies adopted since the year ended 31 March 2021 which have had a material effect in the preparation of the financial statements of the Authority.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time, but these do not have an impact on the consolidated financial statements of the Authority.

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

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

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 costs'. All other foreign exchange gains and losses are presented in the statement within 'Other gains/(losses) – net'.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.3 Property, plant and equipment

Property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Office Furniture	6-7 years
Fixtures and Fittings	6-7 years
Motor Vehicles	5 years
Household Furniture	5 years
Office Equipment	4 years
Computer Equipment	4 years
Cellphones and Ipads	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.4 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchase costs that are directly attributable to software products controlled by Authority are recognised as intangible assets when the following criteria are met:

it is technically feasible to complete the software product so that it will be available for use;
there is an ability to use the software product;

it can be demonstrated how the software product will generate probable future economic benefits.

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Computer software costs recognised as assets are amortised over their estimated useful lives from the time its ready for the intended use, which do not exceed five years.

2.5 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.6 Financial Instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The Authority recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

The Authority generally does not reclassify financial instruments between different categories subsequent to initial recognition.

Classification**Financial assets**

Financial assets are classified into the following categories:

- Amortised cost;
- At fair value through other comprehensive income; equity investments;
- At fair value through profit or loss.

A financial asset is measured at amortised cost if:

- The financial asset is held in order to collect contractual cash flows
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost comprise of trade and other receivables and cash and cash equivalents.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.6 Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified into the following categories:

- Financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of trade and other payables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Authority's loans and receivables comprise of trade and other receivables and cash and cash equivalents.

Impairment

The Authority recognises a loss allowance for the expected credit losses as per IFRS 9 on trade and other receivables.

The amount of expected credit losses is updated at each reporting date. The Authority 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 receivables.

Write off policy

The Authority 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 bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Authority recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.6 Financial Instruments (continued)**De-recognition****Financial assets**

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Authority de-recognises financial liabilities when, and only when, the Authority's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification**Financial assets**

The Authority only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.7 Trade receivables

Classification

Trade and other receivables, excluding, when applicable, prepayments, are classified as financial assets and subsequently measured at amortized cost.

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

Recognition and measurement

Trade and other receivables are recognized when the Authority becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. Subsequently they are measured at amortized cost.

The amortized cost is the amount recognized on the receivables initially, minus principal repayments, plus cumulative amortization (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.9 Trade and other payables

Classification

Trade and other payables, excluding, amounts received in advance, are classified as financial liabilities subsequently measured at amortized cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.9 Trade and other payables (continued)**Recognition and Measurement**

Trade and other payables are recognized when the Authority becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. Trade and other payables are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

2.10 Provisions

Provisions claims are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.11 Government subvention and capital grants

Government subvention and capital grants are assistance by government in the form of transfers of resources to the Authority in return for past or future compliance with certain conditions relating to the operating activities of the Authority.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.11 Government subvention and capital grants

Government subventions relating to a particular period are recognised in the respective period at their cost where there is a reasonable assurance that the subventions will be received and the Authority has complied with the conditions attached to them.

Capital grants are received from the government for the acquisition of property, plant and equipment. The Authority must spend such money on the assets budgeted and approved for purchase.

Grants relating to the acquisition of property, plant and equipment ("capital assets") are recognised as capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other income.

When an asset financed through capital grants is disposed of, the total unamortised portion of the capital grant relating to the asset is recognised in the statement of comprehensive income, as other income.

Operating grants are recognised in the statement of comprehensive income in the period in which the related expenditure is incurred. Subventions received for which the related expenses have not been incurred are included in current liabilities as deferred income.

2.12 Employee benefits

The Authority contributes to a defined contribution pension plan for its permanent citizen employees. The Authority's contributions are charged to income statement in the year in which they accrue and the Authority has no further liability.

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Authority pays gratuity to contracted staff in accordance with their respective contracts of employment.

Employees' entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.13 Revenue from contracts with customers

The major source of revenue of the Authority is government grants. At the moment the Authority does not have contracts with customers hence IFRS 15 is not applicable.

2.13.1 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.14 Leases

The Authority assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Authority has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

The Authority as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Authority is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Authority applies a practical expedient which allows entities to account for a lease contract which contains both lease and non-lease components as a single lease contract.

Details of leasing arrangements where the Authority is a lessee are presented in note 13.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The Authority as lessee (continued)

The current lease payments included in the measurement of the lease liability comprise the fixed lease payments and not subject to any variable rents.

Lease liability

The lease liability is presented as a separate line item in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method, and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs. The Authority remeasures the lease liability, when applicable, in accordance with the following table:

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	discounting the revised lease payments using a revised discount rate.
Change to the lease payments as a result of a change in an index or a rate.	discounting the revised lease payments using the initial discount rate unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used;
Change in expected payment under a residual value guarantee.	discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease.	discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.14 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item in the Statement of Financial Position.

The right-of-use assets are measured at the amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Authority incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over useful life of the underlying assets on a straight-line method.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2.15 Related parties

A party is deemed related to the Authority if it is a director, member or entity under common control. Related party transactions are disclosed in Note 20 to the annual financial statements.

3 Financial risk management

3.1 Financial risk factors

The Authority's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and other price risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out under policies approved by the board of directors.

(a) Market risk

(i) Foreign currency risk

In the normal course of business, the Authority may enter into transactions denominated in foreign currencies. Foreign exchange risks arise when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Authority had no assets and liabilities or significant committed future transactions denominated in foreign currencies at year end.

(ii) Cash flow and fair value interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

The Authority has no long-term significant interest-bearing assets. The cash is deposited in short-term deposits until it is used for its purpose.

(iii) Price risk

The Authority is not exposed to price risks such as equity price risk, prepayment risk, and residual value risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk

Financial assets of the Authority, which are subject to credit risk, consist mainly of cash and cash equivalents, deposits with banks and financial institutions and receivables from customers. Cash deposits are held with high-credit-quality financial institutions. The credit quality of the customers is assessed by credit control, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings. The utilisation of credit limits is regularly monitored.

The credit quality of financial assets is disclosed in Note 11.2.

(b) Liquidity risk

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

The Authority manages its liquidity risk by maintaining adequate cash resources and through the effective management of working capital in order to meet its commitments as they fall due. The amounts disclosed in the table below are the contractual undiscounted cash flows. The analyses of financial liabilities into relevant maturity groupings are based on the remaining period at the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

At 31 March 2022	Less than 1 year	Between 1-3 years	Above 3 years	Total
	P	P	P	P
Trade and other payables	17,676,104	-	-	17,676,104
Lease liabilities	1,037,117	1,132,008	-	2,169,125
Total	18,713,221	1,132,008	-	19,845,229
At 31 March 2021	Less than 1 year	Between 1-3 years	Above 3 years	Total
	P	P	P	P
Trade and other payables	15,297,991	-	-	15,297,991
Lease liabilities	1,283,211	1,958,055	-	3,241,266
Total	10,323,730	2,906,642	675,597	18,539,257

3.2 Capital risk management

The Authority is a parastatal body with the main object being to regulate energy in Botswana. As such all operations of the Authority are funded by Government and therefore not subject to capital risk.

3.3 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and other accounts payable resulting from normal business operations. The nominal value less impairment provision of trade receivables and accounts payable are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. At the reporting date there are no assets that are either carried at fair value or where the fair value has been disclosed.

4 Critical accounting estimates and judgments

Estimates and judgments 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.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within financial year are discussed below.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Residual value and useful lives of property, plant and equipment

The Authority determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its services and the ability of the Authority to penetrate a sufficient portion of that market in order to operate profitably. The Authority increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair, technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

Treatment of grants received

Taking into account its nature and substance, the Authority considers amounts that it receives from the Government to fall within the scope of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. In reaching this conclusion, the Authority considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Authority recognises the amounts received in accordance with the accounting policy as included in note 2.11.

Determining incremental borrowing rate

The Authority determines the incremental borrowing rate which is used in discounting future lease payments when determining lease liability by considering its financing model. The Authority is fully funded by the Government of Botswana. In the event that it wishes to acquire or build its own office buildings, the acquisition or construction of such buildings will be financed through government grants. The Authority used an incremental borrowing rate of 5.25% which is the prime lending rate as at 1 April 2021.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Grants and subventions

Botswana Government

Total grants received during the year

Government subvention towards the recurrent budget

Capital grants received during the year (Note 17)

Revenue deferred in previous year

Revenue deferred in current year (Note 18)

6 Other income

Amortisation of capital grants (Note 17)

Tender fees

Other income

7 Expenses by nature

The following items have been charged in arriving at the (deficit) / surplus for the period:

Expenses by nature

Advertising

Amortisation of intangible assets

Auditor's remuneration

Bank charges

Board expenses

Computer expenses

Consulting fees

Depreciation on property, plant and equipment

Depreciation on right-of-use asset

Donations

Employee costs (Note 8)

Insurance

2022 P	2021 P
55,837,356	49,631,746
55,837,356	49,631,746
55,837,356	49,631,746
977,995	3,213,187
(14,745,301)	(5,478,210)
13,505,945	14,745,301
55,575,995	62,112,024
9,155,209	3,703,922
21,764	43,625
121,075	21,058
9,298,048	3,768,605
1,122,095	892,756
34,663	106,363
130,864	58,757
93,669	36,165
808,157	328,692
563,695	157,461
3,940,144	1,567,753
3,463,300	3,582,543
1,130,509	1,255,349
5,278	30,984
36,059,848	36,634,726
712,283	664,096

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Expenses by nature (Continued)

Legal fees	584,216	873,228
Loss on disposal of assets	5,295,494	-
Motor vehicle expenses	252,068	156,855
Office expenses	487,225	371,454
Operating lease rentals	249,190	210,336
Printing and stationery	139,568	171,228
Recruitment	-	68,412
Repairs and maintenance	304,337	182,360
Security	430,549	469,421
Staff welfare	495,969	355,580
Subscriptions	2,537,003	3,100,901
Telephone and internet	1,226,253	1,116,804
Training	85,651	12,040
Accommodation and travel expenses	949,581	1,007,989
Workshops, seminars, retreats and conferences	180,333	255,868
Other expenses	607,023	539,930
Total administrative expenses	61,888,966	54,208,051

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

	2022 P	2021 P
8 Staff costs		
Salaries and wages	29,887,036	28,159,390
Leave pay	(745,695)	2,074,469
Gratuity	4,494,019	4,011,682
Pension	1,872,992	1,873,463
Medical expenses	551,496	515,722
	36,059,848	36,634,726
Average number of employees	43	43
9 Finance income		
Interest from banks	88,217	81,980
	88,217	81,980

Finance income represents interest earned from Barclays Call Account.

10 Income tax expense

No provision for income tax is required as the Authority is exempt from taxation in terms of Section Schedule, Part 1 of the Income Tax Act (Cap 52:01).

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Analyses of financial instruments

11.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per the statement of financial position

- Loans and receivables:

Other receivables (Note 11.2)

Cash and cash equivalents (Note 16)

Liabilities as per the statement of financial position

- Other financial liabilities at amortised cost:

Other payables (Note 19)

	2022 P	2021 P
Other receivables (Note 11.2)	110,272	420,378
Cash and cash equivalents (Note 16)	31,912,009	27,585,826
	32,022,281	28,006,204
Other payables (Note 19)	17,676,104	15,297,991

11.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	Ratings	2022 P	2021 P
Deposits		10,000	10,000
Other receivables	Not rated	110,272	420,378
		120,272	430,378
Cash at bank			
First Capital Bank	Not rated	13,111,749	7,494,243
ABSA Bank Botswana	Not rated	18,800,260	20,091,583
		31,912,009	27,585,826

There are no credit ratings available in Botswana. The above banks have reported sound financial results and continued compliance with minimum capital adequacy requirements set by the regulator. None of the financial assets that are fully performing have been renegotiated during year ending 31 March 2022.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Property, plant and equipment

	Fixtures and fittings P	Motor Vehicles P	Office furniture P
Year ended 31 March 2021			
Net book amount at 1 April 2020	9,050,016	3,144,606	803,725
Additions	4,931	-	66,098
Capital work-in-progress	-	-	-
Adjustments	-	-	(15,016)
Depreciation charge	(1,814,237)	(1,110,899)	(174,631)
Net book amount at 31 March 2021	7,240,710	2,033,707	680,176
As at 31 March 2021			
Cost	12,098,203	5,554,495	1,182,784
Accumulated depreciation	(4,857,493)	(3,520,788)	(502,609)
Net book amount at 31 March 2021	7,240,710	2,033,707	680,175
Period ended 31 March 2022			
Net book amount at 1 April 2021	7,240,710	2,033,707	680,175
Disposals	(10,224,775)	-	-
Reclassification - cost	(219,662)	-	5,602
Additions	67,909	-	66,782
Depreciation charge	(849,174)	(1,129,002)	(136,454)
Reclassification - depreciation	-	-	10,868
Depreciation on disposals	4,931,138	-	-
Net book amount at 31 March 2022	946,146	904,705	626,974
As at 31 March 2022			
Cost	1,721,675	5,554,495	1,255,168
Accumulated depreciation	(775,529)	(4,649,790)	(628,194)
Net book amount at 31 March 2022	946,146	904,705	626,974

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Office equipment P	Computer equipment P	Cellphones and iPads P	Household furniture P	Total P
373,356	445,614	25,382	337,697	14,180,396
42,270	250,706	88,491	-	452,496
2,760,690	-	-	2,760,690	
-	-	-	-	(15,016)
(146,948)	(199,565)	(16,290)	(119,974)	(3,582,543)
268,678	3,257,446	97,583	217,723	13,796,023
732,351	3,791,672	225,356	599,870	24,184,731
(463,673)	(534,226)	(127,773)	(382,147)	(10,388,708)
268,678	3,257,446	97,583	217,723	13,796,023
268,678	3,257,446	97,583	217,723	13,796,023
(8,915)	-	-	-	(10,233,690)
-	(75,852)	-	-	(289,912)
168,296	483,559	36,982	-	823,529
(191,419)	(968,717)	(66,769)	(121,765)	(3,463,301)
(66,458)	(6,727)	(13,644)	4,125	(71,837)
7,058	-	-	-	4,938,196
177,240	2,689,709	54,152	100,083	5,499,008
891,733	4,199,379	262,338	599,870	14,484,658
(714,492.62)	(1,509,670)	(208,186)	(499,787)	(8,985,650)
177,240	2,689,709	54,152	100,083	5,499,008

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Leases

Right-of-use assets

Year ended 31 March 2021

As at 1 April 2020

Depreciation expense

As at 31 March 2021

Cost

Accumulated depreciation

Net book amount

Year ended 31 March 2022

As at 1 April 2021

Additions

Disposals

Depreciation expense

As at 31 March 2022

Cost

Additions

Disposals

Depreciation on disposal

Accumulated depreciation

Net book amount

Office building

Total

P

P

4,289,108

4,289,108

(1,255,349)

(1,255,349)

3,033,759

3,033,759

5,544,457

5,544,457

(2,510,698)

(2,510,698)

3,033,759

3,033,759

3,033,759

3,033,759

2,689,928

2,689,928

(2,510,698)

(2,510,698)

(1,130,509)

(1,130,509)

2,082,480

2,082,480

5,544,457

5,544,457

2,689,928

2,689,928

(2,510,698)

(2,510,698)

(2,510,698)

(2,510,698)

(1,130,509)

(1,130,509)

2,082,480

2,082,480

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Leases (continued)

Lease liabilities

Opening balance

Terminated lease written off

Addition

22,493

Finance costs incurred

Lease payments

Year ended 31 March

Current

Non- current

Year ended 31 March

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

Office building

Interest expense

Interest expense (included in finance costs)

Lease cash outflows

Interest paid

Principal paid

March 2022 P	March 2021 P
3,241,266	4,554,962
(3,241,266)	-
2,667,435	-
136,734	150,315
(635,044)	(1,464,011)
2,169,125	3,241,266
1,037,117	1,283,211
1,132,008	1,958,055
2,169,125	3,241,266
March 2022 P	March 2021 P
1,130,509	1,255,349
136,734	150,315
136,734	150,315
498,310	1,313,696
635,044	1,464,011

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Leases (continued)

The Authority leases two office buildings. One in Lobatse and another in Gaborone. The rental contracts for both offices are for a fixed period of 3 years with an option to renew with consent of both parties.

Lease agreements may contain both lease and non-lease components. The Authority has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Right-of-use asset is depreciated over useful life of the underlying assets on a straight-line method.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

14 Intangible assets

Year ended 31 March 2021

Net book amount at beginning of the period

Amortisation charge

Net book amount at end of the period

As at 31 March 2021

Cost

Accumulated amortisation

Net book amount at 31 March 2021

Intangible assets	Total
P	P
124,727	124,727
(106,363)	(106,363)
18,364	18,364
373,232	373,232
(354,868)	(354,868)
18,364	18,364

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Intangible assets (continued)

Year ended 31 March 2022

Net book amount at beginning of the period

18,364

18,364

Additions

154,466

154,466

Amortisation charge

(34,664)

(34,664)

Net book amount at end of the period

138,166

138,166

As at 31 March 2022

Cost

527,698

527,698

Accumulated amortisation

(389,532)

(389,532)

Net book amount at 31 March 2022

138,166

138,166

Intangible assets include Sage 300, Sage VIP Premier Payroll & HRM, and Microsoft Office 365

2022

2021

P

P

15 Other receivables

Staff debtors

97,462

317,514

Deposits and prepayments

933,328

733,591

Other debtors

12,810

102,864

1,043,600

1,153,969

The carrying amount of receivables are denominated in Botswana Pula and approximates the fair value due to their short term nature. All receivables are unsecured and do not attract interest.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Cash and cash equivalents

	2022 P	2021 P
Cash on hand	1,710	1,906
Cash at bank	31,910,299	27,583,920
	31,912,009	27,585,826

For the purpose of the statement of cash flows the period-end cash and cash equivalents comprise of following:

	2022 P	2021 P
Cash on hand	1,710	1,906
Cash at bank	31,910,299	27,583,920
	31,912,009	27,585,826

17 Capital grants

Balance at beginning of the period	13,814,388	14,305,123
Capital grant received during the period	977,995	3,213,187
Transfer to statement of comprehensive income (Note 6)	(9,155,209)	(3,703,922)
Transfer to statement of comprehensive income (Note 6)	(9,155,209.00)	(3,703,922)
Balance at end of the period	5,637,174	13,814,388

Capital grants represent government grants given to the Authority to finance the purchase of property, plant and equipment. Capital grants are transferred to the statement of comprehensive income in a manner that represents the economic benefits generated through the usage of the related assets.

18 Deferred revenue

	2022 P	2021 P
Balance at beginning of the period	14,745,301	5,478,210
Subvention received during the period	55,243,940	62,112,024
Other funds received during the year	332,055	-
Transfer to statement of comprehensive income	(55,837,356)	(49,631,746)
Transfer to capital grants	(977,995)	(3,213,187)
Balance at end of the period	13,505,945	14,745,301

The Authority has P13,505,945 (2021: P14,745,301) of deferred revenue from Botswana Government for activities that do not fall within the budgetary period and is yet to be utilised as at year end. The deferred income relates to subvention received for strategic projects which are still on-going and had not been completed as at year end.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Trade and other payables

19.1 Other payables

	2022 P	2021 P
Short-term employee benefits (note 19.2)	11,969,501	11,618,474
Accruals	4,656,092	3,411,772
Pension payable	95,707	255,711
PAYE payable	547,963	12,034
Other payables	6,840	-
	17,676,104	15,297,991

The carrying value of trade and other payables approximate the fair value due to their short-term nature.

19.2 Short-term employee benefits

31 March 2021

	Leave pay P	Gratuity P	Total P
Balance at beginning of the year	1,556,700	5,292,479	6,849,179
Provision for the year	2,074,469	4,011,682	6,086,151
Payments made during the year	(91,467)	(1,225,389)	(1,316,856)
Balance at end of the period	3,539,702	8,078,772	11,618,474

31 March 2022

	Leave pay P	Gratuity P	Total P
Balance at beginning of the year	3,539,702	8,078,772	11,618,474
Provision for the year	(745,695)	4,494,019	3,748,324
Payments made during the year	(428,337)	(2,968,960)	(3,397,297)
Balance at end of the period	2,365,669	9,603,831	11,969,501

Gratuity

Employees receive terminal gratuities in accordance with their contracts of employment. An accrual is made for the estimated liability towards such employees up to the end of the reporting date.

Leave pay

Paid absences are accounted for on an accrual basis over the period in which employees have provided services.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Related party transactions

The following transactions were carried out with related parties.

Government grants

Ministry of Minerals and Energy

Revenue and development subvention
(gross of deferred income)

2022 P	2021 P
55,575,995	62,112,024
Remuneration of board members and other key management	
Board members	
Sitting Allowance	273,150
Other benefits	94,390
700,872	367,540
Executive Management	
Salaries and other benefits	4,739,188
Gratuity	1,358,902
Leave pay	228,345
7,994,768	6,326,435
Total remuneration	6,693,975

Remuneration of board members and other key management

Board members

Sitting Allowance
Other benefits

Executive Management

Salaries and other benefits
Gratuity
Leave pay

Total remuneration

21 Contingencies

There are five (5) material court cases pending judgement which are considered to give rise to contingent liabilities estimated at P16,704,831 as at year end (2021: P10,940,250).

22 Events after the reporting period

On 31 August 2022, employment contract for the Chief Executive Officer (CEO) elapsed, as well as that of the Chief Operations Officer (COO) on 10 September 2022. In addition to these end of contract, the Board Secretary resigned on 5 September 2022. Substantive replacements have not been recruited yet for these executive positions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

23 Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022	2021
	P	P
Property, plant and equipment	3,000,536	-
Projects expenditure	1,728,311	-
	4,728,846	-

The above commitments include capital expenditure commitments of P3 000 536 (2021 – nil) relating to refurbishment of a mobile laboratory recorded under property, plant and equipment and P1,728,311 (2021 - nil) in relation to balance of cost of organisational structure review project.

24 Going concern

There are no going concern indicators based on the assessment carried out by Management at year end.

ANNUAL FINANCIAL STATEMENTS

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	2022 P	2021 P
Grant and subventions		
Grant and subventions	55,837,356	49,631,746
Other income		
Amortisation of capital grants	9,155,209	3,703,922
Tender fees	21,764	43,625
Other income	121,075	21,058
	<u>9,298,048</u>	<u>3,768,605</u>
Administrative expenses		
Accommodation and travel expenses	949,581	1,007,989
Advertising	1,122,094	892,756
Amortisation of intangible assets	34,663	106,363
Auditor's remuneration		
Current year	130,863	58,757
Bank charges	93,669	36,165
Board expenses	808,156	328,692
Computer expenses	563,695	157,461
Consulting fees	3,940,143	1,567,753
Depreciation on property, plant and equipment	3,463,300	3,582,543
Depreciation on right-of-use asset	1,130,509	1,255,349
Donations	5,278	30,984
Employee costs	36,059,848	36,634,726

DETAILED INCOME STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Electricity and water	289,006	148,739
Foreign exchange losses	33,488	204,835
Insurance	712,283	664,096
Legal fees	584,216	873,228
Magazines, books and periodicals	18,334	17,334
Motor vehicle expenses	252,068	156,855
Office expenses	487,225	371,454
Operating lease rentals	249,190	210,336
Other expenses	241,179	166,337
Postage	25,020	2,685
Printing and stationery	139,568	171,228
Recruitment	-	68,412
Repairs and maintenance	304,337	182,360
Security	430,549	469,421
Staff welfare	495,969	355,580
Subscriptions	2,537,003	3,100,901
Telephone and fax	1,226,253	1,116,804
Training	85,651	12,040
Workshops, seminars, retreats and conferences	180,333	255,868
(Profit)/Loss on disposal of fixed assets	5,295,494	-
Total expenses	61,888,966	54,208,051
Operating surplus / (deficit)	3,246,438	(807,700)

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 3 to 7."

OUR **STAFF**



OUR **STAFF**



OUR STAFF







