ENGEN BOTSWANA LIMITED

Annual Consolidated and Separate Financial Statements

For the Year Ended

31 December 2022

GENERAL INFORMATION

Directors:	S Ndzinge	Motswana	(Chairman)
	C C Monga	Zambian	(Removed 5 April 2022)
	A M Siwawa	Motswana	
	F J Kotze	South African	
	L Makwinja	Motswana	
	S Williams	South African	
	H Morrison	South African	
	B F Sameke	Zimbabwean	(Acting Managing Director)
	J Ramesh	Motswana	(Appointed 4 May 2022)

Principal Activities:	Petrochemical investments and property operations
Parent Company:	Petroleum Investment Holding Limited (Incorporated in Mauritius)
Ultimate Parent Company:	Petroliam Nasional Berhad (PETRONAS) (Incorporated in Malaysia)
Company Secretary:	Grant Thornton Business Services (Pty) Ltd Plot 50370, Acumen Park Fairgrounds P O Box 1157, Gaborone
Company Number:	BW00000748780
Registered Office:	Plot 54026 Western Bypass P O Box 867 Gaborone
External Auditor:	PricewaterhouseCoopers
Bankers:	First National Bank of Botswana Limited Absa Bank Botswana Limited Standard Chartered Bank Botswana Limited Stanbic Bank Botswana Limited
Country of Incorporation and Domicile:	Botswana (Listed on Botswana Stock Exchange - Share Code ENG-EQO)
Currency:	Botswana Pula

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APPROVAL OF ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The annual consolidated and separate financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors and are signed on their behalf by:

....	....
DIRECTOR	DIRECTOR
23 June 2023	23 June 2023

DIRECTORS' REPORT

Nature of business
The core business of the group and company is petrochemical investments and property operations.

There have been no material changes to the nature of the group and company's business from the prior year.

Review of activities
The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act of Botswana. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group and company are set out in these annual financial statements.

Financial Results
Revenue increased by 80% mainly due to increased volumes arising from the removal of Covid-19 regulations on 1 October 2021. There were several price adjustments as a result of the global crude oil price movements and an industry margin adjustment was effected in September 2022 for price controlled products. Non price controlled products had market related price adjustments.

Foreign exchange gains increased from P2.5 million at the end of 2021 to P9.4 million at the end of 2022.

The group exercised good margin management and cost control throughout the year.

Overall, the group's performance reflects a 3% increase in net profit after tax.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Stated capital
There were no changes to the stated capital during the year under review and in prior year.

Directors

Mr CC Monga who was the Managing Director passed away on 5 April 2022 and was duly removed as a director. Mr BF Sameke was appointed as the Acting Managing Director on 5 April 2022. Mr J Ramesh was appointed as a director on 4 May 2022.

Company Secretary
There were no changes to the company secretary during the year and in prior year.

External Auditor
PricewaterhouseCoopers were appointed as the external auditor for the 2022 financial year.

Dividends
Dividends amounting to P91 555 290 (2021: P163 276 039) were paid during the year.

Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Conclusion

The Directors would like to thank our valued customers, suppliers, shareholders, management and staff and all other stakeholders for their ongoing support towards the performance of Engen Botswana Limited.

Independent auditor's report

To the Shareholders of Engen Botswana Limited

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Engen Botswana Limited (the "Company") and its subsidiary (together the "Group") as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Engen Botswana Limited's consolidated and separate financial statements set out on pages 9 to 60 comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 370 9700, www.pwc.com/bw

Our audit approach

Overview

Overall group materiality

- *Overall group materiality: P17 672 000, which represents 5% of the consolidated profit before tax.*

Group audit scope

- The Group consists of one subsidiary and two join ventures. We performed full scope audits on the subsidiary and the Company, and analytical review procedures on the joint ventures.

Key Audit Matters

- Provision for Dismantling, restoration and removal costs (the "DRR provision")

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*P 17 672 000*
How we determined it	*5% of the consolidated profit before tax.*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of one subsidiary and two joint ventures. The Group audit scope has been determined based on indicators such as contribution to consolidated profit/loss before tax and consolidated revenue from each component. We performed full scope audits on the Company and the subsidiary. Analytical review procedures were performed on joint ventures. All audit work was performed by the group engagement team and did not require involvement of component auditors. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This key audit matter below relates to the consolidated financial statements only. We have determined that there are no key audit matters with respect to the standalone financial statements.

Key audit matter	***How our audit addressed the key audit matter***
Provision for Dismantling, restoration and removal costs (the "DRR provision")	
At 31 December 2022, the Group recognised a DRR provision to be incurred in future as a result of past environmental damage to the amount of BWP35,559,000 (2021: BWP61,415,000). The Group develop detailed cost estimates for such restoration costs at each of its sites based on its understanding of relevant contractual and legislative obligations. Estimating the future costs of these obligations is complex and requires management to make estimates and judgments regarding future cash flows and discount rates because most of the obligations will only be fulfilled in the future. Changing technologies, political, environmental, safety, business and statutory considerations, could also influence the resulting provisions.	Using our internal expertise on Sustainability and Environmental Rehabilitation, we gained an understanding of the Group's processes for the identification and quantification of dismantling, restoration and removal obligations; and compared these with industry practice. We did not identify any matters of significant concern. We assessed the completeness of the inclusion of infrastructure in the DRR provision calculation by comparing the details of assets to the Group's listing of lease obligations and found no exceptions. We compared the unit cost rates for specific restoration activities to costs typically incurred by other market participants in the Group's industry in both Botswana and South Africa. These procedures identified that the Group's estimates

Key audit matter	*How our audit addressed the key audit matter*
Significant judgement is required by management in determining the DRR provision, including: • Determining the estimated costs of decommissioning and restoration and the relevant future value factor; • Determining the discount period with regards to the DRR provision, which is based on the estimated useful life of the related asset; • Determining an appropriate discount rate to calculate the present value of future costs. We considered the DRR provision to be a matter of most significance to the current year audit due to the significant judgements and assumptions applied in determining the value of the provision, and because amounts and balances historically reported with respect to the DRR provision were materially misstated. Related disclosures in the consolidated financial statements: • Note 1 Summary of significant accounting policies (Decommissioning and rehabilitation of assets) • Note 1 Summary of significant accounting policies (Significant accounting judgements and estimates - Asset retirement and removal obligations); • Note 3.4 Finance costs (Unwinding of dismantling, restoration and removal provision); • Note 7 Property, plant and equipment (Dismantling, restoration and removal costs); • Note 15 Provisions (Dismantling, restoration and removal costs); and • Note 22 Prior year adjustments (Dismantling, Restoration and Removal Provision)	were within a reasonable range of typical costs. We compared for each restoration location, the discount period utilised in the DRR provision calculation to the underlying lease period and found no exceptions. Using our internal valuation expertise, for each of 31 December 2022, 31 December 2021 and 31 December 2020 we: • compared the future value factor utilised by management in the DRR calculation to publicly available forecasts of future cost increases; and • developed an independent expectation of a reasonable range of appropriate discount rates. We found management's estimates (as applied in the restated balances and amounts for prior periods and in the current financial year) to be reasonable. We tested the mathematical accuracy of management's DRR provision calculations and agreed these to the balances disclosed in the consolidated and separate financial statements with no material exceptions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Engen Botswana Limited Annual Consolidated and Separate Financial Statements for the Year Ended 31 December 2022*", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "*Engen Botswana Limited Integrated Annual Report 2022*", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Rudi Binedell (CAP003 2023)

30 June 2023
Gaborone

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Notes	2022 P'000	2021 P'000 Restated*	2022 P'000	2021 P'000
Revenue from contracts with customers*/**	2	4 112 311	2 278 529	-	-
Cost of goods sold*		(3 650 301)	(1 834 310)	-	-
Gross profit		462 010	444 219	-	-
Other revenue**	2	13 636	13 377	126 944	179 146
Other operating income*	3.1	1 569	185	4 320	2 000
Foreign currency gains/(losses)	3.5	9 432	2 518	-	(1)
Administrative expenses*		(18 190)	(23 814)	-	-
Distribution and marketing expenses		(111 846)	(80 614)	-	-
Other operating expenses		(4 040)	(2 969)	(4 040)	(2 969)
Share of profit of joint ventures	8	5 596	1 044	-	-
Finance income	3.3	5 085	7 463	1 006	454
Finance costs*	3.4	(9 819)	(8 602)	-	-
Profit before tax	3	353 433	352 807	128 230	178 630
Taxation	4	(87 330)	(93 497)	(13 621)	(16 596)
Profit for the year		266 103	259 310	114 609	162 034
Profit for the year attributable to equity holders of the parent		266 103	259 310	114 609	162 034
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		266 103	259 310	114 609	162 034
Total comprehensive income for the year attributable to equity holders of the parent		266 103	259 310	114 609	162 034

Earnings per share (thebe)			
Basic earnings, profit for the year attributable to ordinary equity holders of the parent*	5	166.60	162.35
Diluted earnings, profit for the year attributable to ordinary equity holders of the parent*	5	166.60	162.35

* Restated due to correction of prior period errors. Refer to Note 22.

** During the current year, in order to achieve clearer distinction between revenue from trading activities and those from other sources, the Group and Company has re-presented revenue (previously presented as a single line item in the Statement of Profit or Loss and Other Comprehensive Income) as two separate line items.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		Group			Company	
	Notes	Dec-22 P'000	Dec-21 P'000 Restated*	Dec-20 P'000 Restated*	Dec-22 P'000	Dec 2021 P'000
ASSETS						
Non-Current Assets						
Property, plant and equipment*	7	320 418	347 507	338 816	936	976
Right of use of assets	21	74 974	78 232	81 984	-	-
Investments in joint ventures	8	42 268	40 992	41 948	4 524	4 524
Investments	9	37	37	37	10	10
Investments in subsidiaries	10	-	-	-	72 209	72 209
Deferred tax asset	4	4 022	-	-	-	-
		441 719	466 768	462 785	77 679	77 719
Current Assets						
Inventories	11	65 335	38 075	10 682	-	-
Trade and other receivables	12	493 243	442 858	104 336	991	26
Tax receivable	4	10 156	3 528	-	460	683
Dividend receivable	6	-	-	-	22 569	-
Forward exchange contract asset	20	1 262	224	861	-	-
Cash and cash equivalents	13	345 586	294 163	390 886	29 986	29 998
		915 582	778 848	506 765	54 006	30 707
TOTAL ASSETS		1 357 301	1 245 616	969 550	131 685	108 426
EQUITY AND LIABILITIES						
Equity						
Stated capital	14	8 138	8 138	8 138	8 138	8 138
Non distributable reserves		2 200	2 200	2 200	344	344
Retained earnings*		837 903	685 924	589 890	98 802	98 317
Total equity		848 241	696 262	600 228	107 284	106 799
Non-Current Liabilities						
Deferred tax liabilities*	4	-	8 992	9 928	16	17
Lease liabilities	21	80 550	79 472	77 628	-	-
Provisions*	15	35 573	61 441	61 756	-	-
		116 123	149 905	149 312	16	17
Current Liabilities						
Trade and other payables	16	390 638	394 120	210 737	24 385	1 610
Tax payable		-	-	2 548	-	-
Lease liabilities	21	2 299	4 245	6 618	-	-
Forward exchange contract liability	20	-	1 084	107	-	-
		392 937	399 449	220 010	24 385	1 610
Total Liabilities		509 060	549 354	369 322	24 401	1 627
TOTAL EQUITY AND LIABILITIES		1 357 301	1 245 616	969 550	131 685	108 426

* Restated due to correction of prior period errors. Refer to Note 22.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group 2022 P'000	Group 2021 P'000 Restated*	Company 2022 P'000	Company 2021 P'000
Cash flows from operating activities					
Profit before tax*		353 433	352 807	128 230	178 630
Adjustments for:					
Interest received	3.3	(5 085)	(7 463)	(1 006)	(454)
Profit/(Loss) on disposal and scrapping of property, plant and equipment	3.1	(94)	377	-	-
Foreign exchange differences		(101)	2 663	-	-
Dividends income from subsidiary inclusive of withholding tax	3.1	-	-	(126 820)	(179 049)
Dividends received from joint venture	3.1	-	-	(4 320)	(2 000)
Finance costs*	3.4	9 819	8 602	-	-
Fair value on forward exchange contracts		(2 122)	1 615	-	-
Share of profit of joint ventures	8	(5 596)	(1 044)	-	-
Depreciation on property, plant and equipment*	7	39 410	18 874	40	40
Loss /(Profit) on derecognition of lease liability/asset	3.1	271	(52)	-	-
Depreciation on right of use of assets	21	7 118	6 643	-	-
Operating profit/(loss) before working capital changes		397 053	383 022	(3 876)	(2 833)
Increase in trade and other receivables		(50 385)	(338 280)	(965)	(26)
Increase in inventories		(27 260)	(27 393)	-	-
(Decrease)/Increase in trade and other payables		(26 065)	183 141	220	(938)
Cash generated from (used in) operations		293 343	200 490	(4 621)	(3 797)
Interest received	3.3	5 085	7 463	1 006	454
Finance costs*	3.4	(6 871)	(6 657)	-	-
Income taxes paid	4	(106 970)	(100 509)	(717)	(1 091)
Net cash flows from/(used in) operating activities		**184 587**	**100 787**	**(4 332)**	**(4 434)**
Cash flows from investing activities					
Acquisition of property, plant and equipment to expand operations	7	(41 370)	(30 228)	-	-
Proceeds on the disposal of property, plant and equipment		339	-	-	-
Dividends received from subsidiary		-	-	91 555	163 276
Dividend received from joint venture	3.1	4 320	2 000	4 320	2 000
Net cash flows (used in)/from investing activities		**(36 711)**	**(28 228)**	**95 875**	**165 276**
Cash flows from financing activities					
Dividends paid	6	(91 555)	(163 276)	(91 555)	(163 276)
Payment of principal portion of lease liabilities		(4 999)	(3 343)	-	-
Net cash flows used in financing activities		**(96 554)**	**(166 619)**	**(91 555)**	**(163 276)**
Net increase/ (decrease) in cash and cash equivalents		51 322	(94 060)	(12)	(2 434)
Net foreign exchange differences		101	(2 663)	-	-
Cash and cash equivalents at the beginning of the year		294 163	390 886	29 998	32 432
Cash and cash equivalents at end of the year	13	**345 586**	**294 163**	**29 986**	**29 998**

* Restated due to correction of prior period errors. Refer to Note 22.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

GROUP

		Attributable to equity holders of the parent			
		Stated capital	Non Distributable Reserves (2)	Retained earnings*	Total equity
	Notes	P'000	P'000	P'000	P'000
31 December 2022					
Balance at 01 January 2022 as restated		8 138	2 200	685 924	696 262
Profit for the year		-	-	266 103	266 103
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	266 103	266 103
Dividends (1)	6	-	-	(114 124)	(114 124)
At 31 December 2022		8 138	2 200	837 903	848 241
31 December 2021					
Balance at 31 December 2020 -as previously reported		*8 138*	*2 200*	*571 078*	*581 416*
Prior period error	22	-	-	18 812	18 812
Balance at 01 January 2021 as restated		8 138	2 200	589 890	600 228
Profit for the year		-	-	259 310	259 310
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	259 310	259 310
Dividends (1)	6	-	-	(163 276)	(163 276)
At 31 December 2021 (Restated*)		8 138	2 200	685 924	696 262

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. All ordinary shares have similar rights.

(2) Non distributable reserves arose from the capitalisation of a shareholder loan account.

* Restated due to correction of prior period errors. Refer to Note 22.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY

	Notes	Stated capital P'000	Non Distributable Reserves (2) P'000	Retained earnings P'000	Total equity P'000
31 December 2022					
Balance at 01 January 2022		8 138	344	98 317	106 799
Profit for the year		-	-	114 609	114 609
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	114 609	114 609
Dividends (1)	6	-	-	(114 124)	(114 124)
At 31 December 2022		8 138	344	98 802	107 284
31 December 2021					
Balance at 01 January 2021		8 138	344	99 559	108 041
Profit for the year		-	-	162 034	162 034
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	162 034	162 034
Dividends (1)	6	-	-	(163 276)	(163 276)
At 31 December 2021		8 138	344	98 317	106 799

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. All ordinary shares have similar rights.

(2) Non distributable reserves arose from the capitalisation of a shareholder loan account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are presented in Botswana Pula. The functional currency is also the Botswana Pula. The amounts in the financial statements have been rounded to the nearest thousand. The financial statements have been prepared on a historical cost basis except as modified by the revaluation of certain financial instruments to fair value as indicated in the notes below.

The annual consolidated and separate financial statements are prepared on the going concern basis.
The accounting policies adopted are consistent with those applied in the prior period however in some cases the accounting policies has been rephrased to make them clearer.

Statement of compliance

The financial statements have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Companies Act of Botswana (CAP 42:01).

Basis of consolidation

The annual consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2022 and for the year then ended. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

· Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

· Exposure, or rights, to variable returns from its involvement with the investee, and

· The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
· Derecognises the assets and liabilities of the subsidiary;
· Derecognises the carrying amount of any non-controlling interests;
· Derecognises the cumulative translation differences recorded in equity;
· Recognises the fair value of the consideration received;
· Recognises the fair value of any investment retained; and
· Recognises any surplus or deficit in profit or loss.

· Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currency translation

Functional currency

Transactions in foreign currency are initially recorded in the functional currency at a rate of exchange ruling on transaction date. Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in previous financial statements are taken to the statement of profit or loss and other comprehensive income in the year they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairments in the separate financial statements of the Company. The cost of the business combination is the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instrument issued. Costs directly attributable to the business combination are expensed as incurred.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investments in joint ventures continued

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there are impairment indicators in terms of IAS 36 paragraph 12 that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss separately in the statement of profit or loss and other comprehensive income.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income. Joint ventures are carried at cost in the separate financial statements of the company.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. It is stated at historical cost excluding the costs of day to day servicing that are expensed, less accumulated depreciation and any impairment in value. Cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

Costs also include the estimated costs of dismantling and removing the assets where the obligation has been incurred when the asset was acquired or as a consequence of using the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a component, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation commences when the assets are available for their intended use. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or is included in a disposal group that is classified as held for sale or the date that the asset is derecognised.
The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

Useful lives of the property, plant and equipment, the depreciation method, depreciation rates, and residual values are reviewed on an annual basis. Estimated useful lives of the assets are as follows:

· Leasehold buildings	shorter of period of lease or 50 years
· Plant, equipment, and other assets	4 – 30 years

Land is not depreciated as it is deemed to have an indefinite life. No depreciation is provided on capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment continued

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other the net disposal proceeds and the carrying of the asset) is included in the statement comprehensive income in the year the asset is derecognized.

Improvements to assets held under leases where the company is the lessee are capitalized and depreciated over the remaining lease term.

Capital work in progress is carried at cost less accumulated impairment. Cost comprises of amounts incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they are available for use. At that time they are transferred to the appropriate class of property, plant and equipment.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or cash generating unit may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the asset's recoverable amount is made.

The determination of the recoverable amount requires an estimation of the value in use compared to the fair value less cost of disposal of the cash generating units.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and estimated thereafter and do not include restructuring activities to which there is no commitment to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The carrying amounts of assets are reviewed at each reporting date to assess if there are any indications of impairment. If any such indication exists and where assets are recorded in excess of their recoverable amounts, assets or cash generating units are written down to their recoverable amounts. A cash generating unit is considered only when the recoverable amount for the individual asset cannot be determined.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. The Group has recognised provisions for Dismantling, Restoration and Removal costs.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and rehabilitation of assets

The provision for Dismantling, Restoration and Removal costs is initially recognised at the expected cost of any committed decommissioning or restoration programme and is discounted to its net present value using a real pre tax discount rate provided at the beginning of each project.

Subsequent changes in the initial estimates of rehabilitation and decommissioning costs that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation or a change in the discount rate are added to or deducted from the cost of the related asset in the current period. The estimated timing of the outflow of resources is the earlier of the end of the useful life of the equipment that contains petroleum products and the lease term of leased properties. Where the change results in a reduction in the liability, the cost deducted from the asset shall not exceed the carrying amount of the related asset. If a decrease in the liability exceeds the carrying amount of the related asset, the excess is recognised immediately in the statement of profit or loss and other comprehensive income.

Where the change results in an increase in the cost of the asset, the amount is capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate. If there is any indication that the carrying amount of the related asset is not fully recoverable, an impairment test is conducted in accordance with the impairment policy. These estimates are reviewed annually.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is taken to profit or loss as incurred.

Where a retail site or a depot is disposed of, the unutilised portion of the Dismantling, Restoration and Removal (DRR) provision will be released to the statement of profit or loss and other comprehensive income.

Health, safety and environment costs

Costs associated with the remediation of the environment where the company operates retail and commercial sites and depots are recognized in the statement of profit or loss and other comprehensive income as incurred. The best estimate of the cost is made taking into account probabilities of the occurrence of spillages.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Inventories

Inventories consist of petroleum products and are initially recognised at cost and subsequently measured at the lower of cost and net realisable value. Cost is determined on the first-in-first-out (FIFO) method. The cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period that the write-down or loss occurs and is included under distribution and marketing expenses in the statement of profit or loss and other comprehensive income.

The carrying value of inventories derecognised is included in the cost of sales in the statement of profit or loss and other comprehensive income.

Cost of goods sold

Cost of goods sold is normally the carrying value of inventories sold and any net realizable value adjustments.

Dividend distribution

Dividend distributions to the Group's shareholders are recognized as a liability in the period in which the dividends are declared by the Group's directors. Dividends distributed are recognized in equity. Tax is withheld on dividends distributed at the statutory rate of 10%.

Employee benefits

During the year, employees contributed to the Engen Botswana Retirement Fund. The fund is a defined contribution fund. The fund is governed by the Retirement Funds Act of 2014. Membership of this fund is compulsory for all employees.

In terms of the rules of the Fund, the company is committed to contribute 9.5% of the employees' pensionable emoluments. The defined contribution funds are not required to be actuarially valued. The Group's contributions to the defined contribution plan are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Employee entitlements to annual leave, bonuses, and pension and severance benefits are recognised as incurred. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Provision for bonuses is recognised when a present obligation exists to make such payments and a reliable estimate of the amount can be made.

Long term benefits

Long-term employee benefits are those benefits that are expected to be settled more than 12 months after the end of the reporting period, in which the services have been rendered and are discounted to their present value. An accrual is recognised for accumulated leave and other employee benefits when the Group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from the marketing and distribution of petroleum products, as well as convenience store income. Convenience stores retail a limited range of grocery items. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods. Revenue is recognised at a point in time when control of the goods has transferred to the customer. The point at which control passes depends on the terms and conditions of the contract and related transport terms and is effective either once physical delivery or receipt of the products at the agreed location has occurred, or when products are loaded onto the specific mode of transport. Transfer of control usually coincides with title passing to the customer. The normal credit term is 30 days upon delivery.

The Group acts as principal in its revenue arrangements as it typically controls the goods and services before transferring to the customer.

Determining the transaction price

The majority of the Group's revenue is derived from contracts which define a fixed price per unit sold.

In certain contracts the consideration includes a variable element in the form of retrospective volume rebates and discounts. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Customers are entitled to volume rebates and discounts, provided that they meet specific criteria. Historical experience based on sales volume data enables the Group to estimate reliably the value of discount to be granted or rebates to be paid and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when volume discounts or rebates become payable. In its estimation, the Group considers the expected value of discounts or rebates that would be applicable to the transaction. Rebates are not offset against the customer but recognised as a separate refund liability.

Allocating amounts to performance obligations

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

For most contracts, there is a quoted per unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts.

Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices, as all product lines are capable of being, and are, sold separately.

Practical expedients applied

The Group's contracts with customers are short term in nature (less than 12 months). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue from contracts with customers continued

Contract balances (other than contract assets)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period.

Other revenue

Revenue streams other than from contracts with customers for Group and Company include the following:

- Rental income; and
- Dividend income.

The company recognises revenue from dividends received when it has a legal right to receive dividends from its subsidiary, which is normally at the time when such dividend is formally declared. Dividends received are recognised at the gross value of the dividend, with withholding taxes on such dividend being accounted for in the income tax expense.

Recognition and measurement of rental income is described in other accounting policies (leases and financial instruments).

Slate Over and Under Recovery Mechanism

The slate mechanism partially finances the cumulative under recovery realised by the Botswana petroleum industry in respect to daily changes between the Basic Fuels Price (BFP) of all grades of petrol, diesel and paraffin, and the BFP applicable as announced by the Botswana Energy Regulatory Authority. The Government of Botswana also makes payments for the remainder of the balances related to cumulative under recoveries.

Therefore, where there is an over-recovery the Group is in a slate payable position which would be recognised as an Other Payable in the Statement of Financial Position by correcting the margin in the Statement of Comprehensive Income through cost of sales.

When the Group becomes entitled to a slate receivable balance, a slate receivable is recognised in the Statement of Financial Position as an Other Receivable at each month-end, by correcting the margin in the Statement of Comprehensive Income through Cost of Sales.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Withholding taxes are paid to the government and they are a portion of the total dividend that is declared. Where the Group receives a dividend on which withholding tax is levied, that withholding tax is recognised as a current tax expense.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and also taking into account the manner of recovery of the underlying asset or liability.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Finance income and finance costs
Interest income on bank deposits and staff loans is included in finance income.

Finance costs consist of interest expense on term loans and bank overdraft and the unwinding of the discount of the dismantling and removal provision.

Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:
- Financial assets at amortised cost (debt instruments); and
- Financial assets at FVTPL.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

· The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

· The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

• The rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original Effective Interest Rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised for those credit exposures for which there has been a significant increase in credit risk since initial recognition, over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the trade and other payables are derecognised as well as through the amortisation process.

Trade and other payables are short term in nature and are categorised as trade and payables in the statement of financial position.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and commodity price swaps to economically hedge its foreign currency and price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative financial assets and liabilities are subsequently measured at fair value with gains and losses recognised through profit or loss. Derivative gains and losses are included in other income and other operating expenses, respectively. Realised gains and losses on commodity price swaps are included within cost of sales.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leases

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

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases (continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Land and buildings 3 to 20 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (below USD 50,000) recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ADOPTED IN THE CURRENT PERIOD

The following new standard and amendment became effective as at 1 January 2022:

Amendments to IAS 16 – Property, Plant & Equipment : Proceeds before Intended Use (Effective 1 January 2022) - In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have a material impact on the Group.

Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022) - In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
The amendments did not have a material impact on the Group.

Amendments to IAS 37 – Onerous Contracts : Costs of Fulfilling a Contract (Effective 1 January 2022) - In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
The amendments did not have a material impact on the Group.

AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (Effective 1 January 2022) - As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments did not have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ADOPTED IN THE CURRENT PERIOD continued

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021) -As a result of the coronavirus (COVID-19) pandemic, short-term rent concessions were granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendment did not apply to the Group in the current year.

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ISSUED BUT ARE NOT YET EFFECTIVE IN THE CURRENT PERIOD

IFRS 17 Insurance Contracts (Effective 1 January 2023) - In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Definition of Accounting Estimates – Amendments to IAS 8 (Effective 1 January 2023) - The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Group will make an assessment on the changes in accounting policies and changes in accounting estimates and apply the respective accounting treatment as appropriate.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ISSUED BUT ARE NOT YET EFFECTIVE IN THE CURRENT PERIOD continued

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (Effective 1 January 2023) - In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement;
• That a right to defer must exist at the end of the reporting period;
• That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment will not have an impact to the group as the group currently do not have loan agreements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Effective 1 January 2023) - The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group is assessing which accounting policies will qualify as material.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

• right-of-use assets and lease liabilities, and
• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The amendment will unlikely have a material impact to the Group.

IFRS 16 amended for lease liability measurement in sale and leaseback. The amendment to IFRS 16 Leases specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies to annual reporting periods beginning on or after 1 January 2024 and can be applied earlier.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Significant accounting judgments and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the groups accounting policies, management has made the following estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year.

Estimates and assumptions

Allowances for slow moving inventory
Based on prior management practice, inventory that has not moved for a 12-month period is considered to be obsolete. Obsolete and discontinued products are considered to have no value. The provision is raised based on the full cost or net realisable values (attributable base) of the product. Refer to Note 11.

Allowances for credit losses

The expected loss rates derived are based on the payment profiles of sales over a 36-month period before 31 December 2022 (being 1 January 2020 to 31 December 2022) and the corresponding historical credit losses that occurred over the same period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product, consumer price index and the unemployment rate of Botswana to be the most relevant indicators affecting a customers' ability to pay, and accordingly adjusts the historical loss rates based on expected changes in these factors. A specific provision is made for credit losses where customer accounts are handed over to lawyers for recovery and where it is probable that the receivable may not be recovered.

Asset retirement and removal obligations
Estimating the future costs of these obligations is complex and requires management to make estimates and judgments regarding future cash flows and discount rates because most of the obligations will only be fulfilled in the future. Changing technologies, political, environmental, safety, business and statutory considerations, could also influence the resulting provisions.

Management judgement is exercised when determining the present value of expected future cash flows when the obligation to dismantle or restore the sites arises as well as the estimated useful life of the related asset. The useful lives of the assets are considered to be equal to the remaining lease term under the assumption that the lease will not be renewed, and this impacts on the obligation. The provision for the costs of decommissioning these sites at the end of their economic lives has been estimated using existing technology, at current prices and discounted using a real discount rate of 7.90% (December 2021 – 4.80%). The increase in the discount rate was due to a change in the bond rate that was used in the calculations.

The Group's asset retirement obligations are coupled with the estimated remaining useful lives of the asset to which they relate. The carrying value of the dismantling and removal costs provision as at 31 December 2022 is P35 558 836 (December 2021: P61 415 211) (Note 15). There is uncertainty regarding both the amount and timing of incurring these costs.

Allowance for health safety and environment
This allowance is based on probabilities of spillages of petroleum products occurring at each retail, commercial or fuel depot. The costs are based on the point in time costs.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Significant accounting judgments and estimates continued

Judgements

Slate receivable

Management applies a significant degree of judgment in assessing the recoverability of the slate receivable balance by assessing available evidence based on negotiations with the Government. The slate receivable arises when the cost of importation of bulk petroleum products is in excess of the slate rates that are provided by the Government. The slate calculations are performed monthly using the monthly slate rates. If indications exist that the balance will not be recoverable, an impairment allowance is raised to reflect the balance which will be recovered from Government.

Estimating the incremental borrowing rate used in lease liabilities

The Group applied judgement in determining the interest rate implicit in its lease liabilities. The Group uses its incremental borrowing rate, which reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for similar financed transactions (where and when available), and is required to make certain entity specific estimates, such as the adjustments to the rates for the subsidiaries' stand-alone credit rating and country specific risks.

CHANGE IN ACCOUNTING ESTIMATE

During the year, management reassessed the provision for dismantling and removal costs and the impact of the change is shown below:

2022
Change in discount rate 4.80% to 7.90%
Decrease in the current year to the dismantling and removal costs P29 278 116
Impact on profit and loss of P2 947 930 (decrease)

2021
Change in discount rate 3.20% to 4.80%
Decrease in the current year to the dismantling and removal costs P6 210 934
Impact on profit and loss of P1 945 310 (decrease)

The change in estimated dismantling, restoration and removal costs emanated from increase in discount rate, inflation rate and a decrease in acquisation values.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22 P'000	Dec-21 P'000 Restated*	Dec-22 P'000	Dec-21 P'000
2 REVENUE				
Revenue from contracts with customers				
Turnover from contracts with customers	4 098 072	2 264 988	-	-
Convenience income	14 239	13 541	-	-
	4 112 311	2 278 529	-	-
Other revenue				
Rental Income	13 636	13 377	124	97
Dividend income from subsidiary	-	-	126 820	179 049
	13 636	13 377	126 944	179 146
Total revenue	4 125 947	2 291 906	126 944	179 146

Disaggregation of revenue from contracts with customers

The company has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount and uncertainty of revenue and cash flows.

2022	**Petroleum and related products** P'000	**Convenience income** P'000	**Total** P'000
Primary geographic markets			
Botswana	4 098 072	14 239	4 112 311
Product type			
Petroleum products	4 039 412	-	4 039 412
Lubricants	58 660	-	58 660
Convenience	-	14 239	14 239
	4 098 072	**14 239**	**4 112 311**
Timing of transfer of goods			
Point in time	4 098 072	14 239	4 112 311

2021	**Petroleum and related products** P'000	**Convenience income** P'000	**Total** P'000
Primary geographic markets			
Botswana	2 264 988	13 541	2 278 529
Product type			
Petroleum products	2 206 683	-	2 206 683
Lubricants	58 305	-	58 305
Convenience	-	13 541	13 541
	2 264 988	**13 541**	**2 278 529**
Timing of transfer of goods			
Point in time	2 264 988	13 541	2 278 529

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

			Group		Company	
		Notes	Dec-22 P'000	Dec-21 P'000	Dec-22 P'000	Dec-21 P'000
3	**PROFIT BEFORE TAX**					
3.1	**Other operating income**					
	Profit/(Loss) on disposal and scrapping of property, plant and equipment		94	(377)	-	-
	Dividends received from joint venture		-	-	4 320	2 000
	Profit on derecognition of lease liability/asset		271	52	-	-
	Write back of old credit balances		1 204	510	-	-
			1 569	**185**	**4 320**	**2 000**
3.2	**Expenses**					
	Auditors Remuneration					
	- current year		1 230	1 035	315	345
	Depreciation of Property, Plant & Equipment*	7	39 410	18 874	40	40
	Depreciation of Right of Use Asset	21	7 118	6 643	-	-
	Support service charges	17	14 330	13 232	-	-
	Expected credit losses of trade receivables	12	(2 669)	(2 232)	-	-
	Salaries and employment benefits		17 660	17 260	-	-
	Contributions to defined contribution funds		1 281	1 254	-	-
	Transport cost		10 312	8 481	-	-
	Rental		6 805	8 139	-	-
	Maintenance		13 097	12 372	-	-

Other operating expenses which are shown on the Statement of Profit or Loss and Other Comprehensive Income relate to expenses incurred by the Company which is not a trading entity. The expenses mainly include listing fees for the Botswana Stock Exchange, directors' fees, company secretarial fees and annual report costs.

			Group Dec-22	Group Dec-21	Company Dec-22	Company Dec-21
3.3	**Finance income**					
	Financial instruments measured at amortised cost:					
	Bank deposits		5 081	7 452	1 006	454
	Other financial instruments measured at amortised cost		4	11	-	-
			5 085	**7 463**	**1 006**	**454**
3.4	**Finance costs**					
	Unwinding of dismantling, restoration and removal provision*	15	2 948	1 945	-	-
	Interest expense on lease liability	21	6 871	6 657	-	-
			9 819	**8 602**	-	-

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22 P'000	Dec-21 P'000	Dec-22 P'000	Dec-21 P'000
3 PROFIT BEFORE TAX continued				
3.5 Foreign exchange gains/(losses)				
Gains/(losses) from financial assets measured at amortised cost	1 961	(3 448)	-	(1)
Gains/(losses) from financial assets measured at fair value through profit and loss	7 471	5 966	-	-
	9 432	**2 518**	-	(1)
4 TAXATION				
Botswana normal taxation				
Current				
Company tax at statutory rate	87 662	78 660	940	824
Withholding tax on dividends from subsidiary	12 682	15 773	12 682	15 773
Deferred				
Attributable to temporary differences arising in the current year	(14 425)	(488)	(1)	(1)
Prior periods	1 411	(448)	-	-
	87 330	**93 497**	**13 621**	**16 596**

Reconciliation of tax rate*	%	%	%	%
Standard tax rate	22	22	22	22
Adjusted for:				
Overprovision in prior periods	(0.9)	-	-	-
Impact of differential (withholding) tax rate applicable to dividend income	-	-	(12.6)	(13.5)
Non-allowable expenses	-	-	1.4	0.8
Withholding tax on dividends from subsidiary	3.6	4.5	-	-
Effective tax rate	**24.7**	**26.5**	**10.8**	**9.3**

Non allowable expenses mainly consist of apportionment of expenses related to local dividend and donations.

Tax payable/(receivable)*				
Opening balance	(3 528)	2 548	(683)	(416)
Tax paid	(106 970)	(100 509)	(717)	(1 091)
Charge for the year	100 342	94 433	940	824
Closing balance	**(10 156)**	**(3 528)**	**(460)**	**(683)**

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22	Dec-21*	Dec-22	Dec-21
	P'000	P'000	P'000	P'000

4 TAXATION continued

Deferred tax balances*

i) Deferred tax assets
The balance comprises temporary differences attributable to:

	Group Dec-22 P'000	Group Dec-21* P'000	Company Dec-22 P'000	Company Dec-21 P'000
Right of Use Lease Liability	18 227	18 418	-	-
Dismantling, restoration and removal provision	7 823	(5 729)	-	-
	26 050	12 689	-	-

Movements	Right of Use Lease Liability P'000	Dismantling, restoration and removal provision P'000	Total P'000
At 1 January 2021 (Restated)	18 534	-	18 534
Credited /(Charged)			
-to profit or loss	(116)	(5 729)	(5 845)
- to other comprehensive income	-	-	-
At 31 December 2021	18 418	(5 729)	12 689
At 1 January 2022	18 418	(5 729)	12 689
Credited /(Charged)			
-to profit or loss	(191)	13 552	13 361
- to other comprehensive income	-	-	-
At 31 December 2022	18 227	7 823	26 050

ii) Deferred tax liabilities
The balance comprises temporary differences attributable to:

	Group Dec-22 P'000	Group Dec-21* P'000	Company Dec-22 P'000	Company Dec-21 P'000
Right of Use Assets	14 248	14 284	-	-
Trade accounts payable	377	86	-	-
Property, plant and equipment	7 403	7 311	16	17
	22 028	21 681	16	17

Movements	Right of Use Assets P'000	Trade accounts payable P'000	Property, plant and equipment P'000	Total P'000
At 1 January 2021 (Restated)	15 110	597	12 755	28 462
Credited /(Charged)				
-to profit or loss	(826)	(511)	(5 445)	(6 782)
- to other comprehensive income	-	-	-	-
At 31 December 2021	14 284	86	7 311	21 681
At 1 January 2022	14 284	86	7 311	21 681
Credited /(Charged)				
-to profit or loss	(36)	291	92	347
- to other comprehensive income	-	-	-	-
At 31 December 2022	14 248	377	7 403	22 028

* Restated due to correction of prior period errors (refer to Note 22) and re-presented to provide additional analysis and information.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22	Dec-21	Dec-22	Dec-21
	P'000	P'000	P'000	P'000

4 TAXATION continued

iii) Net deferred tax balance*				
Total deferred tax assets	26 050	12 689	-	-
Total deferred tax liabilities	(22 028)	(21 681)	(16)	(17)
Net Deferred tax asset/ (liability)	**4 022**	**(8 992)**	**(16)**	**(17)**

5 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the group's total comprehensive income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic earnings per share computations for the years 31 December 2022 and 31 December 2021.

Profit for the year*	266 103	259 310
Profit for the year attributable to ordinary shareholders*	266 103	259 310
Weighted average number of ordinary shares in issue	159 722 220	159 722 220
Earnings Per Share (thebe)	166.60	162.35

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements. There is no dilution effect.

6 DIVIDENDS PAID AND DECLARED

	Group		Company	
	Dec-22	Dec-21	Dec-22	Dec-21
	P'000	P'000	P'000	P'000
Dividends declared during the year	114 124	163 276	114 124	163 276
Amount paid	91 555	163 276	91 555	163 276

The total gross amounts of dividends paid in 2022 was P91 555 290 (2021: P163 276 039). Withholding taxes of 10% of gross dividends were deducted and paid to Botswana Unified Revenue Service and these amounted to P10 174 305. (2021: P15 772 569) in total. Withholding taxes are paid by Engen Marketing Botswana (Pty) Ltd, the subsidiary company.

Declared and paid in the year				
- final dividend related to the prior year	63.7	12.7	63.7	12.7
- interim dividend for the current year	15.7	18.0	15.7	18.0
- first special dividend for the current year	-	40.7	-	40.7
- second special dividend for the current year	-	40.7	-	40.7

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7 PROPERTY, PLANT & EQUIPMENT – GROUP

	Freehold Land	Leasehold Buildings	Plant, equipment and other assets (2)	Capital work in progress (1)	Total
	P'000	P'000	P'000	P'000	P'000
31 December 2022					
Balance at 01 January 2022					
At cost	6 008	250 711	247 417	45 156	549 292
Accumulated depreciation	-	(95 501)	(106 284)	-	(201 785)
Net carrying amount	6 008	155 210	141 133	45 156	347 507
Additions	-	115	785	40 470	41 370
Disposals – At cost	-	-	(1 094)	-	(1 094)
– Accumulated depreciation	-	-	849	-	849
Dismantling, restoration and removal costs (Note 15)	-	(28 804)	-	-	(28 804)
Transfers	-	109	4 183	(4 292)	-
Depreciation (Note 3.2)	-	(16 641)	(22 769)	-	(39 410)
Balance at end of year, net of accumulated depreciation	6 008	109 989	123 087	81 334	320 418
Balance 31 December 2022					
At cost	6 008	222 131	251 291	81 334	560 764
Accumulated depreciation	-	(112 142)	(128 204)	-	(240 346)
Net carrying amount	6 008	109 989	123 087	81 334	320 418

(1) Capital work in progress includes all assets that are under construction at retail sites and not yet in use as at the reporting date. These items of property, plant and equipment will be reallocated to the respective asset class on completion of the construction.

(2) These items consist of motor vehicles and office furniture and equipment.

(3) No items of property, plant and equipment have been pledged as security for liabilities.

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7 PROPERTY, PLANT & EQUIPMENT – GROUP

	Freehold Land	Leasehold Buildings	Plant, equipment and other assets (2)	Capital work in progress (1)	Total
	P'000	P'000	P'000	P'000	P'000
31 December 2021					
Balance at 31 Dec 2020					
At cost -as previously reported	*6 078*	*221 524*	*250 690*	*53 848*	*532 140*
Reclassification within PPE	(70)	(8 249)	8 616	-	297
Dismantling, restoration and removal costs*	-	18 378	-	-	18 378
At cost -restated at 01 January 2021	**6 008**	**231 653**	**259 306**	**53 848**	**550 815**
Accumulated depreciation-as previously reported	-	*(101 268)*	*(120 743)*	-	*(222 011)*
Reclassification within PPE	-	5 508	(5 805)	-	*(297)*
Dismantling, restoration and removal costs*	-	10 309	-	-	10 309
Accumulated depreciation-restated at 01 January 2021	**-**	**(85 451)**	**(126 548)**	**-**	**(211 999)**
Net carrying amount-as previously reported	*6 078*	*120 256*	*129 947*	*53 848*	*310 129*
Net carrying amount- restated at 01 January 2021	**6 008**	**146 202**	**132 758**	**53 848**	**338 816**
Additions	-	-	-	30 228	30 228
Disposals – At cost	-	(3 534)	(25 931)	-	(29 465)
– Accumulated depreciation	-	3 534	25 554	-	29 088
Dismantling, restoration and removal costs (Note 15)*	-	(2 286)	-	-	(2 286)
Transfers	-	24 878	14 042	(38 920)	-
Depreciation (Note 3.2)*	-	(13 584)	(5 290)	-	(18 874)
Balance at end of year, net of accumulated depreciation	6 008	155 210	141 133	45 156	347 507
Balance at 31 December 2021					
At cost -as previously reported	*6 078*	*256 441*	*252 356*	*45 156*	*560 031*
At cost -restated at 31 December 2021	**6 008**	**250 711**	**247 417**	**45 156**	**549 292**
Accumulated depreciation-as previously reported	-	*(108 084)*	*(100 479)*	-	*(208 563)*
Accumulated depreciation- restated at 31 December 2021	-	**(95 501)**	**(106 284)**	**-**	**(201 785)**
Net carrying amount-as previously reported	*6 078*	*148 357*	*151 877*	*45 156*	*351 468*
Net carrying amount -restated at 31 December 2021	**6 008**	**155 210**	**141 133**	**45 156**	**347 507**

(1) Capital work in progress includes all assets that are under construction at retail sites and not yet in use as at the reporting date. These items of property, plant and equipment will be reallocated to the respective asset class on completion of the construction.

(2) These items consist of motor vehicles and office furniture and equipment.

(3) No items of property, plant and equipment have been pledged as security for liabilities.

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7 PROPERTY, PLANT & EQUIPMENT – COMPANY

	Freehold Land	Leasehold Buildings	Plant, equipment and other (1)	Total
	P'000	P'000	P'000	P'000
31 December 2022				
Balance at 01 January 2022				
At cost	568	731	352	1 651
Accumulated depreciation	-	(323)	(352)	(675)
Net carrying amount	568	408	-	976
Depreciation (Note 3.2)	-	(40)	-	(40)
Balance at end of year, net of accumulated depreciation	568	368	-	936
				-
Balance at end of year				-
At cost	568	731	352	1 651
Accumulated depreciation	-	(363)	(352)	(715)
Net carrying amount	568	368	-	936
31 December 2021				
Balance at 01 January 2022				
At cost	568	731	352	1 651
Accumulated depreciation	-	(283)	(352)	(635)
Net carrying amount	568	448	-	1 016
Depreciation (Note 3.2)	-	(40)	-	(40)
Balance at end of year, net of accumulated depreciation	568	408	-	976
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(323)	(352)	(675)
Net carrying amount	568	408	-	976

(1) These items consist of motor vehicles and office furniture and equipment.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22	Dec-21	Dec-22	Dec-21
	P'000	P'000	P'000	P'000

8 INTERESTS IN JOINT VENTURES

The Group has a 40% and 25% interest in the joint arrangements, Engen Palapye Partnership and Engen Maun Partnership, respectively, which are involved in property letting.

The Group's interest in both joint arrangements is accounted for using the equity method in the consolidated financial statements. The financial year end of both joint ventures is 31 December. Summarised financial information of the joint arrangements, based on their IFRS financial statements, and the reconciliations with the carrying amounts of the investments in the consolidated financial statements are set out below:

	Group Dec-22 P'000	Group Dec-21 P'000	Company Dec-22 P'000	Company Dec-21 P'000
Engen Palapye Partnership				
Current assets; Including cash and cash equivalents of P973 723 (2021: P7 379 844)	3 350	8 513	-	-
Non current assets	75 273	71 314	-	-
Current liabilities	(783)	(967)	-	-
Equity	77 840	78 860	-	-
Group's carrying amount of the investment	29 581	29 757	-	-
Engen Maun Partnership				
Current assets; Including cash and cash equivalents of P18 173 337 (2021: P14 439 496)	19 022	14 551	-	-
Non current assets	33 863	29 624	-	-
Current liabilities	(516)	(482)	-	-
Equity	52 369	43 693	-	-
Group's carrying amount of the investment	12 687	11 235	-	-
Total carrying amount of the investments	42 268	40 992	-	-

	Group Dec-22 P'000	Group Dec-21 P'000	Company Dec-22 P'000	Company Dec-21 P'000
Engen Palapye Partnership				
Rental income	8 483	6 030	-	-
Rentals	7 612	7 241	-	-
Other	871	(1 211)	-	-
Fair value gains on property	4 007	(2 830)	-	-
Interest income	94	217	-	-
Direct operating expenses	(2 223)	(2 045)	-	-
Profit for the year	10 361	1 372	-	-
Share of profit of joint venture – Palapye	4 144	549	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22	Dec-21	Dec-22	Dec-21
	P'000	P'000	P'000	P'000
8 INTERESTS IN JOINT VENTURES continued				
Engen Maun Partnership				
Rental income	4 108	1 036	-	-
Rentals	3 618	3 380	-	-
Other	490	(2 344)	-	-
Fair value gains on property	2 200	1 600	-	-
Interest income	772	455	-	-
Direct operating expenses	(1 273)	(1 109)	-	-
Profit for the year	5 807	1 982	-	-
Share of profit of joint venture – Maun	1 452	496	-	-
Total share of profits of the joint ventures – Palapye and Maun	5 596	1 044	-	-

Non current assets comprise of the total investment properties owned by the joint arrangements.

The Engen Maun investment property is held by way of a 50 year lease with the Tawana Land Board commencing 12 November 2003 with an option to renew for a further 50 years. The joint arrangement was entered into on 16 July 1993.

The Engen Palapye investment property comprises of a shopping complex erected on Lot 68 in Palapye, measuring 16500 square metres held in terms of Tribal Lease Number L/E/4/788, commencing on 6 June 1982, for fifty years and registered under title deed number 9/83 dated 7 September 1983. The joint arrangement was entered into on 7 November 1991.

Investment properties are stated at fair value, which has been determined, based on valuations performed by an independent professionally qualified valuer, as at 31 December 2022 and 31 December 2021 for the current and previous year respectively. The valuer has recent experience in the location and category of the investment property being valued. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on recent prices of similar properties in the same category and location.

The joint arrangements had no contingent liabilities or capital commitments as at 31 December 2022 and 2021. The joint arrangements cannot distribute their profits until they obtain consent from the four venture partners.

A dividend of P4 320 000 (2021: P2 000 000) was paid by Engen Palapye Partnership.

The values of the investment in joint arrangements in the company are shown below:

Unlisted				
- Engen Palapye Partnership (At cost)	-	-	2 762	2 762
- Engen Maun Partnership (At cost)	-	-	1 762	1 762
	-	-	4 524	4 524

Reconciliation to carrying amounts	**Engen Palapye Partnership**		**Engen Maun Partnership**	
	Dec-22	Dec-21	Dec-22	Dec-21
	P'000	P'000	P'000	P'000
Opening net assets	29 757	31 208	11 234	10 738
Profit for the period	4 144	549	1 452	496
Dividends paid	(4 320)	(2 000)	-	-
Closing net assets	29 581	29 757	12 686	11 234

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		Dec-22	Dec-21	Dec-22	Dec-21
		P'000	P'000	P'000	P'000
9	**INVESTMENTS**				
	Unlisted				
	- School debentures (At fair value through profit and loss)	37	37	10	10
		37	**37**	**10**	**10**

The investments in debentures have no maturity date and no interest applies to them.

10	**INVESTMENT IN SUBSIDIARIES**				
	Unlisted Holding				
	Shares at cost:				
	- Engen Marketing Botswana (Pty) Ltd 100%	-	-	72 209	72 209

A listing of the Group's principal subsidiary is set out in Note 23.

11	**INVENTORIES**				
	Petroleum products purchased for resale - at cost	65 973	38 548	-	-
	Provision for obsolete stock	(638)	(473)	-	-
		65 335	**38 075**	**-**	**-**

There was no write down and reversal of inventory that was recognised as an expense during the year. During 2022, P3 650 301 298 (2021: P1 834 310 516*) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

12	**TRADE AND OTHER RECEIVABLES**				
	Financial assets				
	Trade receivables, net of allowance for impairment	190 446	176 457	-	-
	Other receivables	3 288	4 247	991	26
		193 734	180 704	991	26
	Non-financial assets				
	Slate receivable	268 931	241 544	-	-
	Other receivables	30 578	20 610	-	-
		493 243	442 858	991	26

Trade and other receivables are non-interesting bearing and are generally on 30 days' terms with the exception of the slate receivable from Government which has no set terms. The directors consider the carrying value to approximate the fair value. Other receivables comprise mainly of amounts due from Government and value added tax receivable. The other receivables included in financial assets consist mainly of accruals and staff loans that do not form part of trade receivables. The other receivables have been assessed for impairment and no impairment was required.

The significant increase in the slate receivable was due to insufficient funds in the National Petroleum Fund that were required to settle the slate under-recoveries in the oil industry in Botswana. The slate under-recoveries accumulated over the period January 2022 to June 2022. Management has engaged with the Government and recoveries of these amounts are expected to take place in 2023. Hence, no impairment of these amounts was required.

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12 TRADE AND OTHER RECEIVABLES continued

	Group Dec-22 P'000	Group Dec-21 P'000	Company Dec-22 P'000	Company Dec-21 P'000
Trade and other receivables at 31 December				
Not past due	161 203	162 868	991	26
Past due:				
Less than 30 days	30 008	17 570	-	-
Between 30 days and 60 days	1 848	262	-	-
Between 60 days and 90 days	675	-	-	-
More than 90 days	-	4	-	-
Total	**193 734**	**180 704**	**991**	**26**

Past due but not impaired is based on time since recognition and after 30 days, management still considers these balances as fully recoverable.

Movements in the allowance for expected credit losses of receivables were as follows:

	Group Dec-22 P'000	Group Dec-21 P'000	Company Dec-22 P'000	Company Dec-21 P'000
At beginning of year	7 047	9 279	-	-
Utilised during the year	(50)	-	-	-
Reversal of unused provision	(2 815)	(2 232)	-	-
Additional provision	146	-	-	-
At end of year	4 328	7 047	-	-

The allowance represents impairment losses on individually assessed financial assets and expected credit losses.

Refer to Note 20 for additional information in respect of allowances for expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		Dec-22	Dec-21	Dec-22	Dec-21
		P'000	P'000	P'000	P'000
13	**CASH AND CASH EQUIVALENTS**				
	For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:				
	Cash on hand and at bank	315 788	184 854	1 765	2 848
	Short term deposits	29 798	109 309	28 221	27 150
	Cash resources	**345 586**	**294 163**	**29 986**	**29 998**

The short term deposits had variable effective interest rates of between 1.0% and 4.5% (December 2021 – 1.0% and 5.6%) for the year. At year end the short-term deposits were maturing within 30 days (December 2021: 60 days). No interest is earned on cash amounts maintained in the Group's current accounts. The Group has unutilised banking facilities with First National Bank of Botswana Limited of P150 000 000 (December 2021: Nil).

14	**STATED CAPITAL**				
	159 722 220 authorised and issued ordinary shares at no par value, fully paid	8 138	8 138	8 138	8 138
		8 138	**8 138**	**8 138**	**8 138**

For capital management disclosures refer to Note 20.

15	**PROVISIONS**				
	Dismantling, restoration and removal costs*				
	Balance at beginning of year	61 415	61 756	-	-
	Net movement to Property, plant and equipment **Note 7**	(28 804)	(2 286)	-	-
	Additional provision	474	3 925	-	-
	Change in estimate	(29 278)	(6 211)	-	-
	Finance costs (Note 3.4)	2 948	1 945	-	-
		35 559	61 415	-	-
	Long term leave liability				
	Balance at the beginning of the year	26	-	-	-
	Charge for the year	-	26	-	-
	Transfer to short term leave liability	(12)	-	-	-
		14	26	-	-
		35 573	**61 441**	**-**	**-**

* Restated due to correction of prior period errors. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Dec-22 P'000	Dec-21 P'000	Dec-22 P'000	Dec-21 P'000
16 TRADE AND OTHER PAYABLES				
Financial liabilities				
Trade payables	26 990	26 394	-	-
Related party payables (Note 17)	266 430	268 710	-	-
Dividends Payable (Note 17)	23 988	1 335	23 988	1 335
Withholding taxes	3 314	734	3	-
Bonus provision	2 230	2 037	-	-
Other payables	1 211	588	394	275
	324 163	299 798	24 385	1 610
Non-financial liabilities				
Duties & Levies	54 328	84 471	-	-
Leave pay	866	967	-	-
Contract liabilities	7 871	-	-	-
Other payables	3 410	8 884	-	-
	390 638	**394 120**	**24 385**	**1 610**

Trade payables are non interest bearing and are normally settled on 30-60 day terms.

Other payables, duties and levies are non-interest bearing and have an average term of 30 – 60 day terms. Other payables included in financial liabilities consist of accruals. Other payables in non-financial liabilities consist of accruals, provision for bonus and the health and safety provision.

For terms and conditions relating to related parties, refer to Note 17.

17 RELATED PARTY DISCLOSURES

Related party transactions where control exists include Petroleum Investment Holdings Limited, which owns 70% of the Company's shares. The remaining 30% of the shares are widely held. The ultimate parent of the Group is Petroliam Nasional Berhad (PETRONAS) of Malaysia.

During the year, the Group entered into transactions with fellow subsidiaries. Those transactions along with related balances at 31 December 2022 and 31 December 2021 are presented as follows:

	Group Dec-22	Group Dec-21	Company Dec-22	Company Dec-21
(i) Purchase of goods/services:				
Purchase of refined oil products - Engen Petroleum Limited	3 298 589	2 038 260	-	-
Purchase of refined oil products - Engen Namibia (Pty) Ltd	385 919	83 880	-	-
Service fees for the provision of technical, accounting and computer support - Engen Petroleum Limited (Note 3.2)	14 330	13 232	-	-
Dividends received from Engen Marketing Botswana (Proprietary) Limited	-	-	126 819	179 049
Rent paid to Joint Ventures (Engen Palapye Partnership and Engen Maun Partnership)	417	397	-	-

Engen Petroleum Limited, a company incorporated in the Republic of South Africa, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control. Engen Namibia (Pty) Ltd, a company incorporated in the Republic of Namibia, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

			Group		Company	
		Notes	Dec-22 P'000	Dec-21 P'000	Dec-22 P'000	Dec-21 P'000
17	**RELATED PARTY DISCLOSURES continued**					
	(ii) Outstanding balances arising from purchases of goods/services Purchase of refined oil products and services fees for technical, accounting and computer support					
	Engen Petroleum Limited	16	215 181	255 973	-	-
	Engen Namibia (Pty) Ltd	16	51 249	12 737	-	-
			266 430	**268 710**	**-**	**-**
	(iii) Compensation of key management personnel					
	Short-term employee benefits		5 932	6 997	2 010	1 391
	Post-employment benefits		284	365	-	-
	Total compensation of key management personnel		**6 216**	**7 362**	**2 010**	**1 391**
	(iv) Dividend receivable from Engen Marketing Botswana (Pty) Ltd	6	-	-	22 569	-
	(v) Dividend payable to Petroleum Investment Holding Limited		-	-	15 777	-

The non-executive directors do not receive pension entitlement from the Group. A listing of the members of the Board of Directors is shown on page 1 of the financial statements.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For year ended 31 December 2022, the Group has not made any provision for expected credit losses relating to amounts owed by related parties (December 2021: Nil). This assessment is undertaken every financial year through examining the financial position of the related parties and the market in which the related parties operate. Related party balances are normally settled on 30 -60 days terms.

18 COMMITMENTS AND CONTINGENCIES

18.1 Capital expenditure commitments

The Group has the following purchase commitments for property, plant and equipment incidental to the ordinary course of business.

	Group Dec-22 P'000	Group Dec-21 P'000	Company Dec-22 P'000	Company Dec-21 P'000
Approved and committed	-	-	-	-
Approved but not committed	50 012	129 920	-	-
	50 012	**129 920**	**-**	**-**

18.2 Contingent liabilities

The Group, through its bankers, has provided the following guarantees at 31 December:

	Group Dec-22 P'000	Group Dec-21 P'000	Company Dec-22 P'000	Company Dec-21 P'000
Bond to the Department of Customs & Excise for the movement of petroleum products from the Republic of South Africa and Namibia to Botswana and whilst in transit.	248	248	-	-
Guarantee to Botswana Railways in respect of security for compliance with performance obligations in accordance with the fuel supply contract	300	300	-	-
	548	**548**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18 COMMITMENTS AND CONTINGENCIES continued

18.2 Contingent liabilities continued

The Group's bankers issued guarantees in favour of the Department of Customs and Excise and Botswana Railways in terms of which the bankers (as guarantors) will reimburse the Department of Customs and Excise and Botswana Railways in the unlikely event that Engen default on their payments. This is limited to P248 000 and P300 000 respectively. In accordance with the agreed terms, any amounts paid by the bankers will be recovered from Engen. No liability is expected to arise.

18.3 Lease rentals receivable – group as a lessor

Contingent lease rentals receivable are based on volumes sold and a value has not been attributed to these agreements. Total contingent rentals recognised as income in the year amounted to P13 312 943 (2021: P13 093 029). Other lease rentals which are under cancellable lease arrangements relate to commercial property leases from third parties. The operating lease income maturity analysis is shown below:

	2022 P'000	2021 P'000
Within one year	1 057	1 039
Within two to five years	1 986	1 932
More than five years and less than ten years	301	528
	3 344	**3 499**

18.4 Legal claims

In the ordinary course of business, the Group is a litigant in matters arising from its trading activities. None of the ongoing matters where the Group is a defendant are expected to result in an outcome which is material to the Group.

19 SEGMENT REPORTING

Operating segment information

The property letting segment is made up of the two joint ventures (Refer to Note 8). The Directors consider that on the basis of risks and returns and the Group's organisational and reporting structure for management purposes there are primarily two operating segments, petrochemical activities and property letting business. Within the petrochemical activities there are two main business units, Commercial and Retail, the two segments have similar economic characteristics and the distribution channel is similar and as such have been aggregated as one segment; petrochemical activities segment. Petrochemical activities primarily involve the selling and distribution of fuel. All revenue is earned in Botswana and all assets are situated in Botswana. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Amounts disclosed are based on the numbers included in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

19 SEGMENT REPORTING continued

Year ended 31 December 2022	Petrochemical Activities	Property Letting	Consolidated
	P'000	P'000	P'000
Segment Revenue			
Revenue from contracts with customers	4 112 311	-	4 112 311
Total Segment Revenue (Note 2)	4 112 311	-	4 112 311
Results			
Depreciation (Note 3.2)	46 528	-	46 528
Foreign exchange gains (Note 3.5)	9 432	-	9 432
Finance costs (Note 3.4)	(9 819)	-	(9 819)
Taxation (Note 4)	(87 330)	-	(87 330)
Share of profit of joint ventures	-	5 596	5 596
Profit for the year after tax	**260 507**	**5 596**	**266 103**
Total assets	**1 315 033**	**42 268**	**1 357 301**
Total liabilities	**509 060**	**-**	**509 060**
Capital Expenditure (Note 7)	**41 370**	**-**	**41 370**

Year ended 31 December 2021	Petrochemical Activities	Property Letting	Consolidated
	P'000	P'000	P'000
Segment Revenue			
Revenue from contracts with customers	2 278 529	-	2 278 529
Revenue from contracts with customers	2 278 529	-	2 278 529
Results			
Depreciation (Note 3.2)	25 517	-	25 517
Foreign exchange gains (Note 3.5)	2 518	-	2 518
Finance costs (Note 3.4)	(8 602)	-	(8 602)
Taxation (Note 4)	(93 497)	-	(93 497)
Share of profit of joint ventures	-	1 044	1 044
Profit for the year after tax	**257 817**	**1 044**	**259 310**
Total assets	**1 204 624**	**40 992**	**1 245 616**
Total liabilities	**570 295**	**-**	**549 354**
Capital Expenditure (Note 7)	**30 228**	**-**	**30 228**

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

19 SEGMENT REPORTING continued

	2022 P'000	2021 P'000
Geographic information		
Revenue from contracts with customers		
Botswana (Note 2)	4 112 311	2 278 529
Total revenue from external customers per the consolidated statement of profit or loss and other comprehensive income (Note 2)	4 112 311	2 278 529

The revenue information above is based on the location of the customers.

20 FINANCIAL INSTRUMENTS

Group

31 December 2022	*Note*	*Financial assets measured at amortised cost* *P'000*	*Financial liabilities measured at amortised cost* *P'000*	*Assets/(liabilities) held at fair value through P&L* *P'000*	*Total carrying amount* *P'000*
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	193 734	-	-	193 734
Cash at bank and in hand	13	345 586	-	-	345 586
Forward exchange contract asset		-	-	1 262	1 262
Financial liabilities					
Trade and other payables	16	-	(324 163)	-	(324 163)
		539 320	(324 163)	1 299	216 456

31 December 2021	*Note*	*Financial assets measured at amortised cost* *P'000*	*Financial liabilities measured at amortised cost* *P'000*	*Assets/(liabilities) held at fair value through P&L* *P'000*	*Total carrying amount* *P'000*
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	180 704	-	-	180 704
Cash at bank and in hand	13	294 163	-	-	294 163
Forward exchange contract asset		-	-	224	224
Financial liabilities		-			
Trade and other payables	16	-	(299 798)	-	(299 798)
Forward exchange contract liability			-	(1 084)	(1 084)
		474 867	(299 798)	(823)	174 246

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FINANCIAL INSTRUMENTS continued

Company

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below.

		Financial assets measured at amortised cost	*Financial liabilities measured at amortised cost*	*Assets/(liabilities) held at fair value through P&L*	*Total carrying amount*
31 December 2022	*Note*	*P'000*	*P'000*	*P'000*	*P'000*
Financial assets					
Trade and other receivables	12	991	-	-	991
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	29 986	-	-	29 986
Financial liabilities					
Trade and other payables	16	-	24 385	-	24 385
		30 977	24 385	10	55 372

		Financial assets measured at amortised cost	*Financial liabilities measured at amortised cost*	*Assets/(liabilities) held at fair value through P&L*	*Total carrying amount*
31 December 2021	*Note*	*P'000*	*P'000*	*P'000*	*P'000*
Financial assets					
Trade and other receivables	12	26	-	-	26
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	29 998	-	-	29 998
Financial liabilities					
Trade and other payables	16	-	(1 610)	-	(1 610)
		30 024	(1 610)	10	28 424

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FINANCIAL INSTRUMENTS continued

Total interest income and total interest expense calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss are as follows:

	Group			**Company**		
	Interest income	***Interest expense***	***Total net gains and losses***	***Interest income***	***Interest expense***	***Total net gains and losses***
31 December 2022	***P'000***	***P'000***	***P'000***	***P'000***	***P'000***	***P'000***
Cash & cash equivalents/ payables	5 085	-	5 085	1 006	-	1 006
31 December 2021						
Cash & cash equivalents/ payables	7 463	-	7 463	454	-	454

Total exchange gains and losses for financial assets or financial liabilities that are at fair value through profit or loss are as follows:

	Group		**Company**	
	Fair value gains/(losses)	Total net fair value gains/(losses)	Fair value gains/(losses)	Total net fair value gains/(losses)
31 December 2022	***P'000***	***P'000***	***P'000***	***P'000***
Forward exchange contracts (Note 3.5)	7 471	7 471	-	-
31 December 2021				
Forward exchange contracts (Note 3.5)	5 966	5 966	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FINANCIAL INSTRUMENTS continued

Financial risk management objectives and policies

The main risks arising from the group's and company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 13). Interest rates applicable to these financial instruments compare favourably with those currently available in the market and are only subject to Botswana interest rates. The group's policy is to minimise the interest rate risk exposure as such the group has no external debt and invests in the best interest yielding call and fixed deposits accounts.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the group's and company's profit before tax (through the impact on floating rate financial instruments) and equity at reporting date. The reasonable possible change is based on past trends of interest rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no direct impact on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact. An interest rate sensitivity of 1% is likely to affect the user of the financial statements and sensitivity analysis is presented below.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	P'000	***P'000***	***P'000***	***P'000***
Effect on profit before tax				
Increase of 1% in interest rates	3 456	2 942	300	300
Decrease of 1% in interest rates	(3 456)	(2 942)	(300)	(300)

Foreign currency risk

The group purchases its petroleum products in other countries and, as a result, is exposed to movements in foreign currency exchange rates. Foreign currency risk is managed at a senior level and monitored by the group management. Foreign currency risk is only with regard to transactions with a fellow subsidiary in South Africa payable in Rands. The group also operates foreign currency bank accounts which are denominated in South African Rand and is therefore exposed to foreign currency fluctuations.

The group and company use foreign currency forward exchange to manage foreign exchange exposure.

The following table demonstrates the sensitivity to a reasonably possible change in the South African Rand exchange rate, with all other variables held constant, on the group's and company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The reasonable possible change is based on past trends of foreign exchange rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no effect on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact.

GROUP

2022	***P'000***	***R'000***
South African Rand denominated liabilities	266 430	354 139
South African Rand denominated assets-bank	825	1 096
	267 255	355 235
Exchange rate		1.329
Effect on profit before tax		
Increase of 10% in the ZAR rate		(47 218)
Decrease of 10% in the ZAR rate		47 218
2021		
South African Rand denominated liabilities	268 710	365 177
South African Rand denominated assets-bank	140	190
	268 850	365 367
Exchange rate		1.359
Effect on profit before tax		
Increase of 10% in the ZAR rate		(49 653)
Decrease of 10% in the ZAR rate		49 653

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FINANCIAL INSTRUMENTS continued

Financial Risk Management

The group mitigates the risk of foreign exchange rate movements through the use of forward exchange contracts. The notional amount of coverage from forward contracts as at 31 December 2022 was P165 856 684 (31 December 2021: P257 541 445).

Currency profile

The Pula equivalent values of amounts translated from foreign currencies at year end are as follows:

	2022	2022	2021	2021
	Pula	**Rand**	**Pula**	**Rand**
Related party payables (Note 17)	266 430	354 139	268 710	365 177
Bank balances	825	1 096	140	190
Exchange rate	1.000	1.329	1.000	1.359

Credit risk management

Transactions are only conducted with approved counterparties that satisfy the assessment in terms of specific guidelines, rules, and parameters in terms of an approved counterparty selection list and limits. The purpose of credit risk policies and processes is to set the foundation for the establishment of effective credit risk management across the Group.

The Group's credit risk is primarily attributable to trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for expected credit losses. For allowances for expected credit losses disclosure, refer to Note 12. An allowance for impairment is made based on the expected credit loss which is an amount expected to default based on the historical amount and adjusted by forward looking information.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the customer segments. There is no categorisation of customer segments as the loss patterns are similar.

The Group has collateral against some of its trade and other receivables in the form of cessions over trade and other receivables, bonds over movable and immovable property and letters of guarantee. The fair value of collateral held amounted to P89 586 202 (2021: P69 786 002). There was no collateral that was sold or repledged. There were no obligations to return the collateral. The entity had the right to use the collateral to extinguish the respective trade receivables that it was covering with no restrictions.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risks arises from default of the counter party. The credit quality of these counterparties is good as all of these counterparties are reputable banking institutions. Thus the ECL determined on these cash balances are immaterial.

Maximum credit risk exposure per class in total is the carrying values of financial assets disclosed in Note 12.

For trade and other receivables, all new counterparties are subject to a credit risk assessment. This is a process whereby a counterparty's credit worthiness is evaluated using qualitative and quantitative weighted criteria. Use is made of outside vetting agencies to vet new potential customers. The information obtained from these agencies is used in the Group's own credit risk rating system.

As a result of these evaluations the customers are assigned a risk rating. The credit risk rating framework is used as the primary credit evaluation tool. Exposure limits, credit terms and security requirements are all set according to these risk ratings.

All customers are grouped according to their risk category.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FINANCIAL INSTRUMENTS continued

The risk rating determines how often the counterparties risk rating will be reviewed. If the counterparties risk rating is rated as average risk, low risk, or minimal risk the review takes place every 6 months. High risk counter parties are reviewed every month. Each business stream and division will monitor their credit exposure and credit risk for reporting to management on a monthly basis.

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired.

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2022	98.15%	-	-	1.85%	100%

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired.

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2021	99.58%	-	-	0.42%	100%

Our debtors are in government, industry, commerce, sales and distribution, fleet and retail category. These are all low risk clients and have no significant different risk profiles and as such, no disaggregation was considered necessary.

Listed below is the age analysis of trade and other receivables. The age analysis is based on credit terms.

2022 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate		0.20%	0.23%	0.79%	3.93%	
Trade receivables at gross carrying amount	196 838	160 002	30 355	2 071	762	3 648
Expected credit losses	(4 328)	(23)	(347)	(223)	(87)	(3 648)
	192 510	159 979	30 008	1 848	675	-

2021 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate		0.33%	0.63%	3.62%		
Trade receivables at gross carrying amount	187 725	163 142	17 997	266	-	6 320
Expected credit losses	(7 047)	(300)	(427)	(4)	-	(6 316)
	180 678	162 842	17 570	262	-	4.00

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FINANCIAL INSTRUMENTS continued

Liquidity risk

Liquidity risk is the risk that the group and company have insufficient funds or borrowing facilities available to fulfil their existing and future cash flow obligations. Several elements are regarded as fundamental in the management of liquidity. These include the maintenance of minimum levels of marketable and liquid assets; effective cash flow management; implementation of long term funding strategies; diversification of funding; and adequate contingency plans.

The group and company have access to banking facilities in excess of their current and anticipated future requirements. The group's and company's borrowing powers are not limited by its Articles of Association.

The following table summarises the maturity profile of the group's financial liabilities as at 31 December 2022 based on contractual undiscounted payments:

Group

31 December 2022	Less than 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	> 5 years P'000	Total P'000
Trade and other payables	-	324 163	-	-	-	324 163
	-	324 163	-	-	-	324 163
31 December 2021						
Trade and other payables	-	299 798	-	-	-	299 798
Forward exchange contract liability	-	1 084	-	-	-	1 084
	-	300 882	-	-	-	300 882

Company

31 December 2022						
Trade and other payables	-	24 385	-	-	-	24 385
	-	24 385	-	-	-	24 385
31 December 2021						
Trade and other payables	-	1 610	-	-	-	1 610
	-	1 610	-	-	-	1 610

FAIR VALUE MEASUREMENTS
The following table provides the fair value measurement hierarchy of the group's assets and liabilities.
Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2022:

		Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
	Date of valuation	P'000	P'000	P'000	P'000
Foreign exchange forward contracts	31 December 2022	1 262	-	1 262	-
School debentures	31 December 2022	37	-	-	37

There have been no transfers between level I and 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20 FAIR VALUE MEASUREMENTS continued

Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2021:

		Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
	Date of valuation	P’000	P’000	P’000	P’000
Foreign exchange forward contracts	31 December 2021	223	-	223	-
School debentures	31 December 2021	37	-	-	37
Liabilities measured at fair value:					
Foreign exchange forward contracts	31 December 2021	1 084	-	1 084	-

Fair values

The directors consider the carrying amount of all financial instruments to approximate their fair value since the financial assets and liabilities have a short term to maturity and the interest rate on other receivables approximate the market rate. The fair value of foreign forward exchange contracts (FEC) is determined by using quoted prices in a market that is not active for the identical item held by another party as an asset. The fair value is measured using a valuation model. The input to this model being exchange rates are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Capital management

The group and company define capital as the total equity of the group and company as noted in the statement of changes in equity. The group’s and company’s long-term objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term shareholder value. Management is of the view that these objectives are being met. The group and company are not subject to any externally-imposed capital requirements.

The group and company aim to maintain capital discipline in relation to investing activities while growing the dividend per share. The Group and company do not have any long term debt. Cash retained in the group and company is used to self-fund investing activities.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

21 LEASES (GROUP AS LESEE)

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

Net carrying amounts of right of use assets

The carrying amounts of right of use assets are as follows:

	Lease Properties	Total
Cost	**P'000**	**P'000**
1 January 2022	94 075	94 075
Additions	4 234	4 234
Derecognition of terminated lease	(784)	(784)
31 December 2022	97 525	97 525
Accumulated depreciation		
1 January 2022	15 843	15 843
Current year	7 118	7 118
Derecognition of terminated lease	(410)	(410)
31 December 2022	22 551	22 551
Net carry amount	74 974	74 974

	Lease Properties	Total
Cost	**P'000**	**P'000**
1 January 2021	91 184	91 184
Additions	3 518	3 518
Derecognition of terminated lease	(627)	(627)
31 December 2021	94 075	94 075
Accumulated depreciation		
1 January 2021	9 200	9 200
Current year	6 643	6 643
31 December 2021	15 843	15 843
Net carry amount	78 232	78 232

	2022 P'000	2021 P'000
Other disclosures		
Interest expense on lease liabilities	6 871	6 657
Total cash outflow from leases within the scope of IFRS 16	(11 870)	(10 025)

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

21 LEASES (GROUP AS LESEE) (continued)

	2022 P'000	2021 P'000
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Payments:		
Within one year	8 934	10 849
Two to five years	31 721	28 165
More than five years and less than ten years	43 512	7 335
More than ten years	120 855	99 003
	205 022	145 352
Finance charges:		
Within one year	(6 635)	(6 604)
Two to five years	(25 741)	(19 320)
More than five years and less than ten years	(28 696)	(6 328)
More than ten years	(61 101)	(29 383)
	(122 173)	(61 635)
Net present value	82 849	83 717
Non-current liabilities	80 550	79 472
Current liabilities	2 299	4 245
	82 849	83 717
Lease liabilities		
Balance at the beginning of the year	83 717	84 246
Additions	4 234	3 518
Interest	6 871	6 657
Derecognition of lease	(103)	(679)
Lease payments within the scope of IFRS 16	(11 870)	(10 025)
	82 849	83 717

22 PRIOR YEAR ADJUSTMENTS

Revenue and Cost of Sales (Group)

During the current financial year, the Group reassessed the manner in which it had historically accounted for levies collected on the sale of fuels. Such levies include contributions to the National Petroleum Fund, the Security of Supply Margin and Motor Vehicle Accident Fund Levies, which are calculated and recovered as a prescribed rate per liter of fuel sold, and remitted to the relevant collecting authority at regular intervals. In previous financial years, the Group had included such levies in revenue and cost of sales (i.e on gross basis). Upon reassessment, the Group concluded that these amounts were more akin to sales taxes, where the Group acts as collection agent on behalf of the (principal) collecting agency. Accordingly, revenue and cost of sales should have been reported exclusive of such levies . The Group has corrected revenue and cost of sales reported for the year ended 31 December 2021 through a reduction of BWP 431 094 733 in the amounts previously reported. This adjustment has had no impact on the historically reported cash flow, profit before tax or balance sheet. This restatement had no impact on the standalone financial statements of the company.

Note 2 has been affected by the restatement.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

22 PRIOR YEAR ADJUSTMENTS continued

Dismantling, Restoration and Removal Provision (Group)

The Group accounts for estimated future dismantling, restoration and removal obligations based on quantification of such costs upon the initial establishment of a retail service station or depot, which quantifications are reassessed at least annually in order to ensure that such amounts remain appropriate. The calculations performed in support of these quantifications are complex and require the use of inputs and estimates, which vary from period to period. The Group's accounting policy (as set out in Note 1. Page 15) establishes the manner in which the Group accounts for these obligations, both on origination and subsequently. During the performance of the current year reassessment of these obligations, it became apparent that amounts and balances historically reported with respect to these costs were not correctly stated in accordance with the Group's accounting policies. These errors were material and have been corrected through retrospective adjustment of amounts and balances previously reported, which are summarized below.

Note 7 and 15 have been affected by the restatement.

This restatement had no impact on the standalone financial statements of the company.

The impact of the changes are as follows:

GROUP
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 Dec 2021 Previously reported P'000	Adjustments P'000	31 Dec 2021 (Restated) P'000	31 Dec 2020 Previously reported P'000	Adjustments P'000	31 Dec 2020 (Restated) P'000
Revenue from contracts with customers	2 709 624	(431 095)	2 278 529	2 331 368	(388 392)	1 942 976
Cost of goods sold	(2 265 405)	431 095	(1 834 310)	(2 110 949)	388 392	(1 722 557)
Finance costs						
Unwinding of Dismantling, restoration and removal provision	(3 141)	1 196	(1 945)	(5 289)	3 079	(2 210)
Depreciation of Property, Plant & Equipment	(15 640)	(3 234)	(18 874)	(22 856)	3 184	(19 672)
Taxation	(93 945)	448	(93 497)	(49 203)	(1 378)	(50 581)
Earnings and diluted earnings per share (thebe)	163.3	(0.9)	162.4	61.4	11.7	73.1

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2022

22 PRIOR YEAR ADJUSTMENTS continued

	31 Dec 2021 Previously reported P'000	Adjustments P'000	31 Dec 2021 (Restated) P'000	31 Dec 2020 Previously reported P'000	Adjustments P'000	31 Dec 2020 (Restated) P'000
STATEMENT OF FINANCIAL POSITION						
Property, plant & equipment	351 468	(3 961)	347 507	310 129	28 687	338 816
Retained earnings	668 702	17 222	685 924	571 078	18 812	589 890
Dismantling, restoration and removal provision	87 456	(26 041)	61 415	57 187	4 569	61 756
Deferred tax liability	4 134	4 858	8 992	4 622	5 306	9 928
STATEMENT OF CASH FLOWS						
Cash flows from operating activities						
Profit before tax	354 845	(2 038)	352 807	147 212	6 263	153 475
Finance costs	9 798	(1 196)	8 602	10 175	(3 079)	7 096
Depreciation on property, plant and equipment	15 640	3 234	18 874	22 856	(3 184)	19 672

This restatement had no impact on the standalone financial statements of the company.

23 SUBSIDIARY COMPANY

The subsidiary company of Engen Botswana Limited which is incorporated in Botswana, is as follows:

	% Holding	Business Description
Engen Marketing Botswana (Pty) Ltd	100	Marketing of petroleum products

The major portion of the group's activities are conducted by Engen Marketing Botswana (Pty) Ltd.

24 EVENTS AFTER THE REPORTING PERIOD

A final dividend of 70.9 thebe per share was declared on 23 June 2023. There are no other events that occurred after the reporting date that require adjustment or disclosure in the annual financial statements.