

Empowering **Progress**

Enriching Botswana



BOTSWANA POWER CORPORATION
INTEGRATED REPORT 2023/2024

Welcome to our 2024 Integrated Report

Our Mission is to power the economy with pride by supplying reliable, safe, competitive, and sustainable electricity.

Inside this Report

01

Introduction

2

About this Report	6
BPC Six Capitals	7
BPC & SDG	8

02

Our Business

10

About BPC	12
Our Core Values	13
Maduo Strategy	14
Our Value Creation Model	16
Risk & Opportunities	18
Performance Highlights	20
Key Annual Statistics	22

03

Leadership

24

Chairman's Remarks	26
Board Member Profiles	30
Chief Executive Officer Statement	34
Chief Financial Officer Statement	38
Executive Management Profiles	42

04

Performance Review

48

Generation Department	50
Transmission and Distribution Department	58
Asset Management and Care Department	62
Project Management Department	66
Finance Department	70
Human Resources Department	74
Marketing and Communication Department	82
Corporate Secretariat Department	88
SHER Department	90
Internal Audit Department	104
Information and Communication Technology Department	108
The Procurement Oversight Department	112

05

Sustainability Report

116

Sustainability Report	118
-----------------------	-----

06

Governance Report

124

Corporate Governance	126
Remuneration Report	132

07

Annual Financial Statements

140

General Information	142
Statement of Responsibility and Approval of Financial Statements by the Members of the Board	143
Independent Auditor's Report	145
Statement of Comprehensive Income	152
Statement of Financial Position	153
Statement of Changes in Equity	154
Statement of Cash Flows	155
Summary of Significant Accounting Policies	156
Notes to the Financial Statements	169

Empowering Progress

Enriching Botswana

2023/2024 Integrated Report Theme

"Empowering progress, enriching Botswana" captures BPC's pivotal role in driving Botswana's development. By emphasising 'empowering progress', BPC underscores how it is driving economic growth and development through supplying electricity. The Corporation's commitment to 'enriching Botswana' extends beyond power generation to include contributions to social welfare, such as job creation and community development. Furthermore, BPC's dedication to digital transformation signals its commitment to innovation, efficiency, and improved service delivery, thereby enhancing its contribution to the nation's progress. This positions BPC as a forward-thinking organisation aligned with Botswana's aspirations for a digitally enabled and prosperous future.



[Key Business Terms & Ratios](#)

4

[About this Report](#)

6

[Our Six Capitals](#)

7

[BPC & SDG](#)

8

Key Business Terms & Ratios

Borrowings/Debt

All interest bearing liabilities.

Operating Profit

Net profit before deducting finance cost and before adding investment income.

Total Liabilities

Non-current liabilities and current liabilities.

Current Ratio

Current assets divided by current liabilities.

Cost of borrowing

Finance costs expressed as a percentage of average total debt.

Liquidity Ratio

Current assets less inventory divided by current liabilities.

Gearing Ratio

Total debt as a percentage of capital employed.

Gross Margin

Operating profit before depreciation expressed as a percentage of operating revenue.

Interest coverage Ratio

Operating profit after depreciation plus investment income divided by financing costs.

Net Margin

Net profit after financing costs expressed as a percentage of operating revenue.

Return on property, plant and equipment

Net profit expressed as a percentage of property, plant and equipment.

Earning to irredeemable capital

Net profit expressed as a percentage of irredeemable capital.

Return on operating assets

Operating profit expressed as a percentage of fixed assets and net working capital.

Return on investments

Interest received expressed as a percentage of average total investments and deposits on cash and call.

System losses

The power that is lost during transmission and distribution due to resistance (impedance) of the system through which the electricity flows.

PPA

Power Purchase Agreement.

SAPP

Southern African Power Pool.

Return on total average assets employed

Operating profit relative to its total average net assets.

Earnings to irredeemable capital

Operating profit expressed as a percentage of irredeemable capital.

Operating profit/loss to revenue

Operating profit or loss expressed as a percentage of revenue.

Return on revalued property, plant and equipment

Operating profit expressed as a percentage of property, plant and equipment.

Head Office

Motlakase House
Macheng Way
P O Box 48 Gaborone
Botswana
Tel: (267) 360 3000
Fax: (267) 390 8674/397/3563
Telex: 2931BD
Website: www.bpc.bw

Regional Office

Gaborone Main Mall
P O Box 48
Gaborone
Tel: (267) 3607000
Fax: (267) 390 8674/397/3563

Morupule

P/Bag 7, Palapye, Botswana
Tel: (267) 492 0200
Fax: (267) 492 0494

Francistown

P O Box 815 Francistown
Botswana
Tel: (267) 241 3939
Fax: (267) 241 2877

Selebi-Phikwe

P O Box 170 Selebi - Phikwe
Botswana
Tel: (267) 261 0422
Fax: (267) 261 0407

Auditors

PricewaterhouseCoopers,
P O Box 294,
Gaborone, Botswana

Bankers

Absa Bank Botswana Limited
P O Box 478, Gaborone,
Botswana

First National Bank of Botswana Limited
P O Box 1552, Gaborone,
Botswana

Standard Chartered Bank of Botswana Limited
P O Box 496, Gaborone,
Botswana

Stanbic Bank of Botswana Limited
Private Bag 00168,
Gaborone, Botswana

Access Bank of Botswana Limited
Private Bag 00303, Gaborone,
Botswana

Attorneys

Armstrongs
P O Box 1368, Gaborone,
Botswana

Minchin & Kelly
P O Box 1339, Gaborone,
Botswana

Lawrence Khupe Attorneys
P O Box 4888
Gaborone

Moribame Matthews Attorneys
P O Box 46271
Gaborone



About our Report

Introduction

The purpose of this report is to provide a comprehensive and holistic view of BPC's performance, which goes beyond just financial results. This report serves as a fundamental communication tool to our shareholder, the Government of the Republic of Botswana, and other stakeholders. The Integrated Report will provide a balanced representation of the strategic, financial, environmental, social, and governance aspects of the Corporation, illustrating how we create value through our six capitals.

Reporting Boundary and Frameworks

This report covers the performance of Botswana Power Corporation for the year ended 31 March 2024. This report focuses on the strategic risks and opportunities within our operating environment to determine material matters on which to report.

Our reporting approach has been guided by the principles under the International Financial Reporting Standards (IFRS), the Integrated Reporting Council's Framework, the Report on Corporate Governance for South Africa 2016 (King IV) and Botswana Power Corporation Act (Chapter 74:01).

Materiality

The Integrated Report unveils and discusses those matters that the Corporation has determined as significantly affecting its ability to create value as well as execute its mandate and strategy in line with the Power Corporation Act.

Material matters were identified from the internal performance reports, strategy review processes and risk management reports. An analysis was made on these matters with respect to their impact on the Corporation's ability to fulfil its mandate and strategic objectives.

Forward-looking Statements

This report covers forward-looking statements concerning Botswana Power Corporation's anticipated performance and prospects. These statements represent our judgements and future expectations. The forward-looking statements are vulnerable to risk and uncertainties hence actual performance may differ materially from projections, and no assurance can be made on the information.

Assurance

The Executive Management and Board are responsible for ensuring the integrity and completeness of the Integrated report.

PricewaterhouseCoopers has audited the financial statements for compliance with IFRS and their report is on page 145. Botswana Power Corporation uses a combined assurance model which has three lines of defence. The Audit and Risk Committee and Board rely on combined assurance in forming their view of the adequacy of our risk management and internal controls.

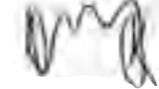
Board Responsibility and Approval

The Board, with assistance from the Audit and Risk Committee, is accountable for the integrity and completeness of the integrated report and any supplementary information. The Board has reviewed the integrated report and has concluded that it is presented in accordance with the International <IR> Framework.

Approved on behalf of Board and Executive Management:



Board Chairperson



Chief Executive Officer



Our Six Capitals

Our Integrated Annual Report highlights and identifies its six components of capital which are fundamental in creating value and as well as driving the achievement of strategic objectives on a short-, medium- and long-term basis.

Manufactured		Our generation, transmission and distribution infrastructure form the backbone of our strategy to fulfil our mandate
Financial		Prudent use of our finances to drive our strategic objectives particularly to attain sustainability
Intellectual		Optimising the use of knowledge management systems, innovations, and employee expertise to deliver our mandate
Human		Effectively deploying the skills and competencies of our human resource base
Social and Relationship		Creating sustainable value through community outreach in the areas where we operate and harnessing value through stakeholder engagements
Natural		Unleashing the best out of our natural resources in a sustainable manner to deliver our mandate



BPC & SDG

Botswana Power Corporation has integrated sustainability into its strategy and decision-making. As a strategic national vehicle, BPC aligns with the Vision 2036 roadmap which outlines the Government's approach to address the United Nations Sustainable Development Goals (SDGs).

This report covers the following SDG goals:

- **SDG 3: Good Health and Wellbeing**
- **SDG 4: Quality Education**
- **SDG 5: Gender Equality**
- **SDG 7: Affordable and Clean Energy**
- **SDG 8: Decent Work and Economic Growth**
- **SDG 12: Responsible Consumption and Production**



SDG 3 – Good Health and Wellbeing

The Corporation's employee health and wellness programme strives for the attainment of a work life balance amongst its employees. The provision of primary health care and occupational health services at the two power stations' clinics reinforces the significance of a healthy workforce. BPC's Wellness section provides an array of wellness services which among others are curative, psychosocial, physical, and economic services.



SDG 5 – Gender Equality

The Corporation recognises that gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous, and sustainable world. As an employer, BPC has found that empowering women spurs productivity and economic growth. To this end, the Corporation fosters gender diversity by ensuring equal access and opportunity to current and prospective female employees.



SDG 8 – Decent Work and Economic Growth

The Corporation has heeded the call by the government to promote citizen economic empowerment and upscale job creation. BPC does not only provide quality jobs, it also supports local businesses and entrepreneurs.



SDG 4 – Quality Education

Over the years, the Corporation has proven to be a responsible corporate citizen by collaborating and sponsoring different communities across the country with the intention of enhancing education and addressing challenges facing some of the communities in which it operates.



SDG 7 – Affordable and Clean energy

Increasing access to and affordability of electricity is central to the Corporation's raison d'être. Through BPC, the Government supports and provides funding for the following programmes to ensure that communities have access to affordable and clean energy:

- Rural Electrification Programme
- Village Electrification Programme (VEP)
- Solar PV Development.



SDG 12 – Responsible Consumption and Production

BPC continues to make strides in upholding the safety of its employees and service providers, while making every effort to protect the biophysical environment within which it operates. As such, the Corporation has aligned its operational model to ISO14001 (Environmental management systems) and ISO 45001 (Occupational Health & Safety) which are international best practice.

OUR BUSINESS

About BPC	12
Mission & Vision	12
Our Core Values	13
Maduo Strategy	14
Our Value Creation Model	16
Risk & Opportunities	18
Performance Highlights	20
Key Annual Statistics	22

About BPC

Botswana Power Corporation (BPC) was formed in 1970 through an Act of Parliament and is responsible for the generation, transmission and distribution of electricity within Botswana to areas approved by the Ministry of Minerals and Energy.

BPC is regulated by the Botswana Energy Regulating Authority (BERA). From April 2021, the Corporation implemented its five-year transformation strategy, Maduo26, to ensure that BPC becomes a financially self-sustaining entity and a regional benchmark in electricity supply."

Our Mission

We power the economy by supplying reliable, safe, competitive, and sustainable electricity. It defines our fundamental reason for existence and espouses our overall intention in the next five years.

Our Vision

TO BE A REGIONAL BENCHMARK IN ELECTRICITY SUPPLY.

BPC will be a self-sufficient utility that supplies competitive and reliable power from diversified energy sources, with excess power to export.



Our Core values

Our values represent the attitudes, behaviours, and characters that will create an enabling environment for the successful execution of our strategy.



Team Player

A collaborative working environment that values information sharing.



Ethical Conduct

Ensuring Integrity, Transparency and Fairness through zero tolerance for stealing, acceptance of bribes and/or corruption.



Passion for Excellence

Achieving operational excellence by constantly improving the quality of our products and services, being results oriented, along with creating an innovative culture that challenges the status quo.



People First

Valuing Employees, Customers and the Communities we serve.



Zero Harm

No person will be harmed by our operations. No equipment will be damaged. We will not degrade the environment. We will report unsafe acts and near misses.



The Corporation's intent is to attain financial sustainability which will enable it to achieve its key goals without reliance on a government subsidy.

The priorities for the Maduo 2026 Strategy are to:

- Attain Financial Sustainability
- Improve Asset Management
- Improve the Employee Experience
- Establish Project Execution Capabilities
- Improve Operational Excellence
- Achieve Zero Harm
- Improve Corporate Image
- Increase Generation Capacity
- Increase renewable contribution in the energy mix.

The intent of the new Strategy is to put our people first, achieve zero harm, consistently and sustainably be profitable, improve customer experience, provide affordable tariffs to our customers, and generate excess power for export.

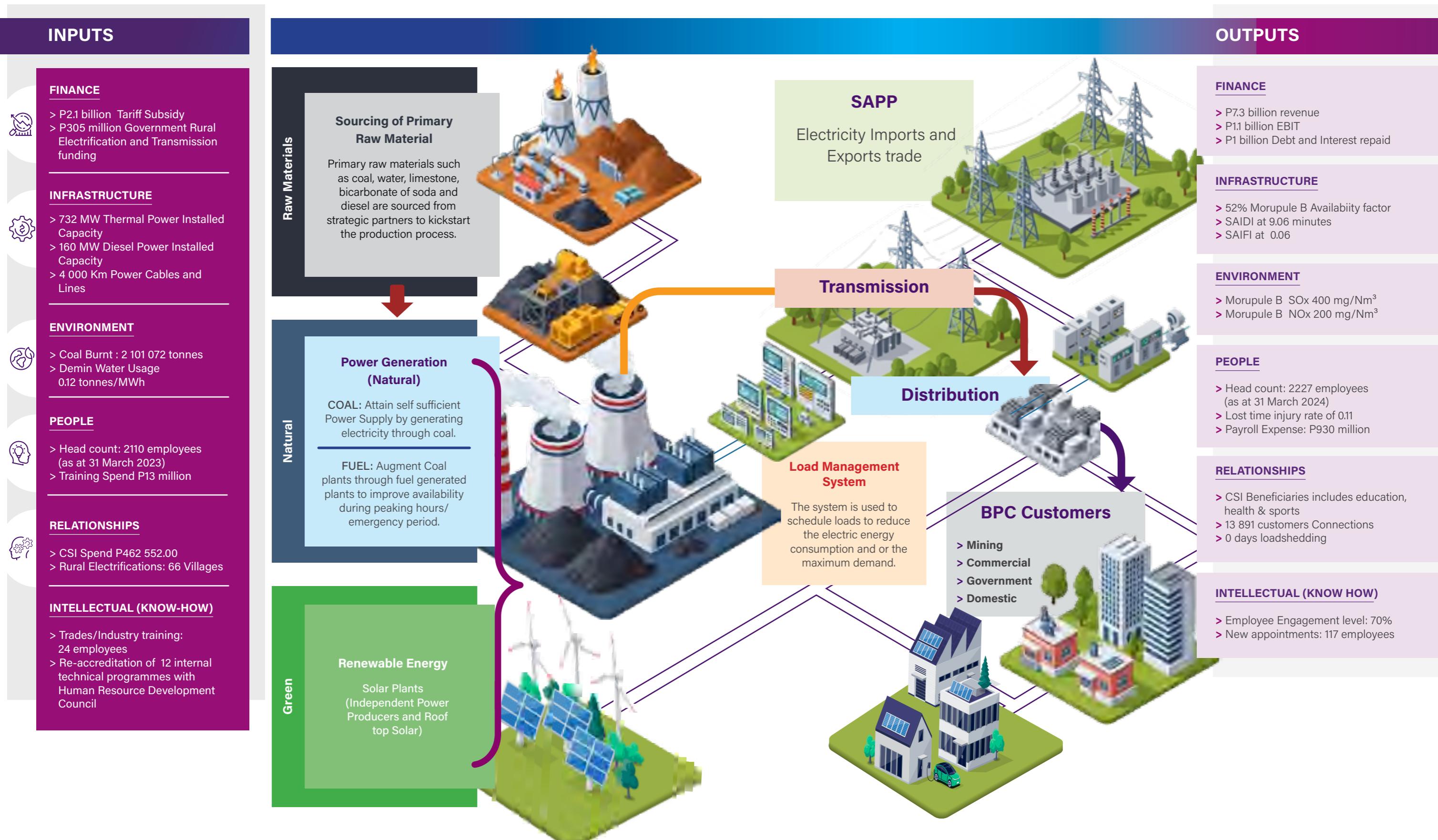
These goals will be realised through institutionalisation of predictive maintenance, effective execution of projects, automation and digitalisation of operations, continuous improvement, innovation, a high-performance culture and becoming a regional benchmark in all facets of our business.

These efforts will result in:

1. Reduced turnaround times for restoration of faults
2. Shorter times for new connections
3. Improved reliability of power supply
4. Service delivery through digital platforms.

Maduo26 will bring about exceptional customer experience.

Our Value Creation Model



RISK & OPPORTUNITY

BPC views its material risks through the following categories: strategic, financial, professional, reputational, and projects.

STRATEGIC RISK

Internal and external events or scenarios that could inhibit BPC's ability to achieve its strategic objectives pose risks and uncertainties.

OPERATIONAL RISK

Risks of direct or indirect losses, or loss of service delivery resulting from inadequate systems, processes or methodologies, management responsibility failure, inadequate or inappropriate controls, fraud, and/or human errors/actions.

FINANCIAL RISKS

Credit Risk

Risks that a counterparty or clients not fulfilling their financial or contractual obligations or not delivering suitable value when due, for example, treasury investments that mature.

Market Risk

Risk that changes in financial market variables such as market prices, foreign exchange or interest rates will negatively affect, impair, or reduce the general realisable value of a portfolio, investment or financial instrument.

Liquidity Risk

Risks that BPC may have insufficient funds or marketable securities available or access to suitable funding to timely fulfil its cash flow obligations.

MANAGERIAL/ PROFESSIONAL RISK

Risks of BPC failing to meet its mandate and/or its goals and objectives due to a lack of critical skills capacity.

REPUTATION RISK

Risks of damaging or impairing BPC's image or that of the shareholder, Board of Directors, Chief Executive Officer, Directors, Senior Management, Management and/or employees due to actions, non-actions, and/or inappropriate actions with negative implications.

PROJECT RISK

Risks of projects exceeding budgets, not meeting key objectives, critical path deadlines, outputs, responsibilities, and/or intended requirements and results.

BPC KEY STRATEGIC RISKS

For the year under review, the identified material risks were mitigated as follows:

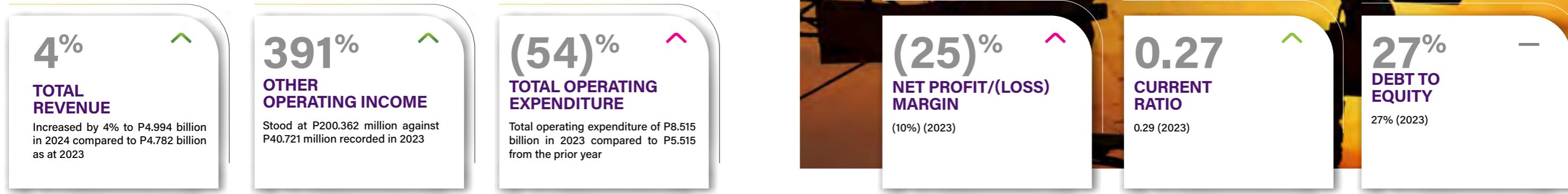
- Weak liquidity was mitigated through** improved debt collection, internal generation, and cost management. During the year, Management conducted fundraising road shows raising P1.722 billion for the Board-approved credit origination project intended to restructure the Corporation's balance sheet by settling critical spares and coal supplies. It is anticipated that this fundraising will be concluded in 2025. For the year under review, the current ratio was at 0.27 and debtor days at 55. Therefore, enforcing credit control policy and engaging key stakeholders is necessary to ensure the timely settlement of accounts.
- Inadequate power generation due to delays in remediation and machinery failure**, leading to the security of power risk (MBPS), was mitigated by implementing a generation turnaround strategy, which entails engaging experienced personnel and subcontractors to run operations and maintenance. However, Morupule B's performance dipped from 63% in the prior year to 52% in 2024. Remediation of Morupule B is set to continue with the second unit (Unit 3) going into one year of remediation from 1 June 2024.
Unit 3 Scheduled Shutdown date: 1st June 2024
Unit 3 Scheduled Access date: 1st June 2025
Unit 3 Duration of remedial works: 354 days
Unit 3 handover date back to BPC: 20th June 2025
- The inability to access an alternative source of funding (over-indebtedness)** was managed by maintaining a Baa3 investment-grade credit rating with Moody's Investors Service. As a result, BPC is doing a credit origination project for a P1.722 billion debt package. In addition, we secured Government financial support until the Corporation's liquidity is sustainable.
- Diversification of power generation to ensure an energy mix** for the Corporation was executed by inviting suitably qualified service providers to supply solar PV to ensure an adequate power mix in line with the Madu26 strategy. BPC is facilitating the development of solar PV plants, namely, 2x50 MW solar PV grid-scale plants and 12 grid-tied small-scale PV plants. These are at different stages of procurement. Only two plants with a total capacity of 4 MW have already been commissioned.
- The lack of business continuity management** was mitigated through a comprehensive review of the BPC Disaster Recovery Plan and the development and implementation of Business Continuity Plans. New infrastructure was installed to provide capacity for test service restoration.
- To improve our talent attraction and retention**, BPC aligned its pay structure with the remuneration policy to ensure market competitiveness. We also implemented the Attraction and Retention Strategy and the Succession Plan. The Corporation successfully migrated from a notch-based to a broad-banded salary structure in August 2023. In the same month, employees' remuneration was partially aligned to the market median, with a 60% movement being implemented for those below the general market. The partial implementation of the market median was based on Corporate affordability and budget constraints, with the 40% planned for future implementation.
- Negative impact on key strategic projects** due to external factors was alleviated through updating the supply database with local suppliers, increased insourcing of services, and identification of alternate suppliers of key materials and components. Contract management processes are ongoing to reduce the procurement cycle time and avoid disruptions in the flow of goods. Most of the Transmission and Distribution (T&D) stock items are procured on a contract basis, and 80% of the contractors are already in place, with the remaining 20% planned for the next financial year. Bidders for vendor-managed stock will be called as and when the stock is required, and consignment stocking is to be done after vendor-managed stock.
- Under-investment in transmission and distribution infrastructure development** in line with the demand growth led to inadequate network capacity in the medium to long term. BPC mitigated these risks by developing and implementing sound long-term network plans based on up-to-date demand forecasts. These were coupled with a comprehensive transmission and distribution maintenance plan and maintenance management system. Urgent measures were put in place to restore critical out-of-service equipment on the transmission grid and address major bottlenecks on the distribution network. The Corporation is undertaking a national Electricity Demand Forecast over 20 years. The study's objective is to determine future electricity demand and energy requirements over 20 years.
- Cyber Security Risk was reduced** through the installation of antivirus software on all workstations and servers, backing up all drives and confidential data at diverse locations, maintaining patch updates at regular intervals, installation of file and system integrity monitoring software on all systems, maintenance of data security compliance policies, use of email and endpoint protections, and adoption of a stronger password system. As of year-end, the Corporation has commenced implementing Access and Surveillance Solutions, which allow monitoring and recording activities in key operational areas. Furthermore, remedial actions were implemented following external auditors' findings and gaps identified by implementing the NIST cybersecurity framework.

Performance Highlights

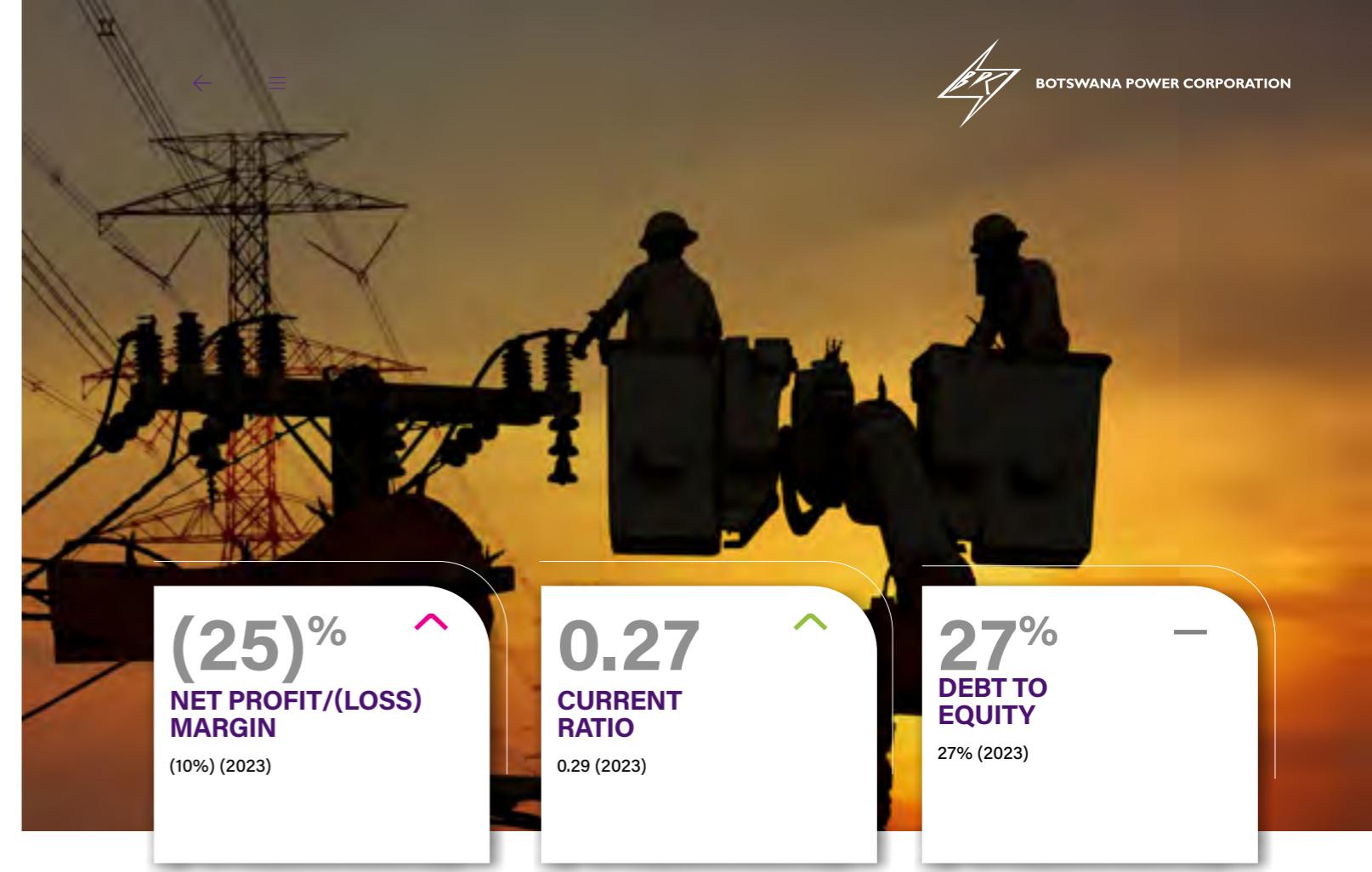
Build the largest and most valuable corporation

Advance customer connection

Performance in 2024



	2024	2023	%
Total Revenue	P4,99 bn	P4,78 bn	4.39
Other Operating Income	P200 mn	P40,72 mn	391.15
Total Operating Expenditure	(P8,52) bn	P(5,52) bn	(54.35)
Tariff Subsidy	P2,13 bn	P600 mn	255.00
Power Purchases	P3,68 bn	P1,64 bn	(124)
Total Loss after Tax	(P1.84) bn	(P525.61) mn	(250)
Net Profit/(Loss) Margin	(25)%	(9.70)%	
Current Ratio	0.27	0.29	
Debt to Equity	27%	27%	



► SHE Performance

The Total Recordable Injury Frequency Rate (TRIFR) showed significant improvement compared to the previous year, reflecting the effectiveness of the Corporation's SHE initiatives and employee engagement programmes.

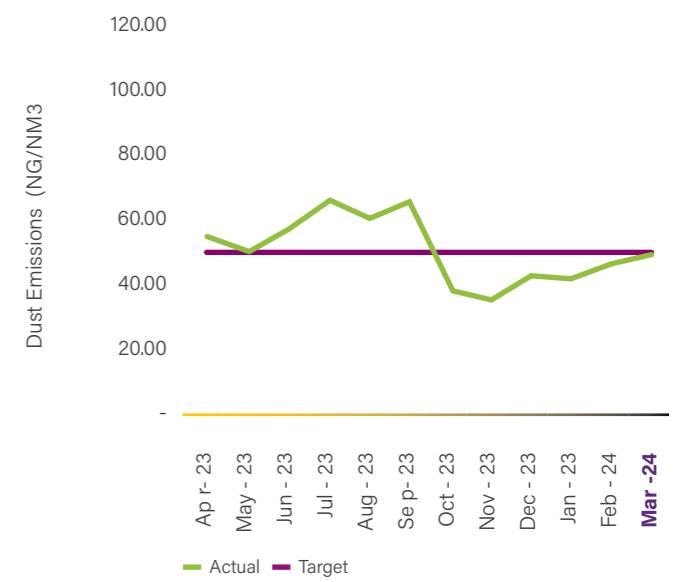
Figure 1: Total Recordable Injury Frequency Rate (TRIFR) Trends



► Environmental Performance

BPC endeavours to maintain a strong record of environmental compliance, meeting or exceeding applicable regulations and industry standards.

Figure 2: MBPS Station Dust Emissions (MG/NM3)



Key Financial Statistics

For the year ended 31 March 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total unit sales (GWh)	3,975	3,783	3,404	3,201	3,321	3,294	3,336	3,349	3,479	3,495
Total generation (sent out) and imports	4,767	4,425	4,022	3,774	3,997	3,925	3,844	3,928	4,043	4,024
Staff Establishment	2,227	2,077	1,916	1,923	1,870	1,667	1,946	2,106	2,117	1,964
Total consumers	593,686	571,055	547,277	519,212	491,627	463,250	434,795	410,409	386,024	367,003
Plant capacity Morupule B (MW)	600	600	600	600	600	600	600	600	600	600
Plant capacity Morupule A (MW)	132	132	132	132	132	132	132	132	132	132
System maximum demand (MW)	661	661	627	626	561	587	549	586	595	610
Average selling price per unit (Thebe/kWh)	126	126	128	126	104	105	94	84	82.1	72.5
Average cost per unit (Thebe/kWh)	238	163	159	140	170	123	114	142	155	149
Operating Results (P'000)										
Total Revenue	4,994,673	4,782,954	4,336,165	4,023,057	3,398,553	3,363,144	3,009,561	2,768,846	2,857,161	2,533,578
Net Operating Expenses	8,314,847	5,474,991	5,244,705	4,053,905	4,710,445	3,435,165	3,308,743	4,207,982	4,851,042	4,519,671
Operating Profit/(loss) before Revenue Grant	(3,320,174)	(692,037)	(908,540)	(30,848)	(1,311,892)	(72,021)	(299,182)	(1,439,135)	(1,993,881)	(1,986,093)
Revenue Grant from the Government of Botswana	2,125,920	600,000	500,000	500,000	600,000	800,000	1,457,000	1,667,500	2,321,360	2,326,800
Operating profit/(loss) after Revenue Grant	(1,194,254)	(92,037)	(408,540)	469,152	(711,892)	727,979	1,157,818	228,365	327,479	340,707
Net Profit/(Loss)	(1,842,425)	(525,612)	(650,380)	(384,134)	(1,403,095)	201,921	674,108	(140,247)	(99,613)	(274,905)
Capitalisation (P'000)										
Long term debt	4,032,500	4,147,584	4,134,675	4,537,060	5,446,217	5,393,293	5,219,490	6,215,308	6,953,734	6,743,406
Net assets	15,149,471	15,826,001	15,111,307	12,258,638	10,540,175	10,784,690	9,644,289	6,550,883	5,030,983	4,546,958
Capital expenditure and WIP	676,249	484,416	661,347	759,871	1,887,696	1,023,771	1,468,046	1,818,737	1,052,189	358,218
Electricity (GWh) Source										
Morupule A	533	552	548	672	425	27	28	0	0	0
Morupule B	2731	3328	1903	1637	1697	3200	3399	2994	2604	2795
Station usage	(395)	(488)	(318)	(291)	(265)	(403)	(428)	(374)	(326)	(410)
Emergency Generation	125	33	91	94	54	0	5	11	86	64
Sent out	2994	3426	2223	2112	1910	2824	3004	2631	2365	2449
Purchased	1780	1000	1798	1662	2087	1101	840	1297	1679	1575
Total sent out and purchased	4773	4425	4022	3774	3997	3925	3844	3928	4043	4024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sales disposition (GWh)										
Mining	882	806	734	596	640	669	676	837	1114	1194
Commercial	1269	1212	1107	1059	1167	1132	1149	1107	1087	1059
Domestic	1304	1257	1256	1226	1161	1091	1065	1022	955	941
Government	299	289	294	317	311	316	319	314	323	301
Southern African Power Pool	221	218	15	2	42	86	127	70		
Total sales	3975	3783	3404	3201	3321	3294	3336	3349	3479	3495
Transmission and distribution Losses (GWh)										
System losses (%)	793	642	617	573	676	632	509	579	564	529
Total consumers	16.62%	14.51%	15.35%	15.18%	16.91%	14.00%	14.89%	16.29%	15.18%	14.64%
Sales growth (%)										
Mining	9%	10%	23%	(7)%	(4)%	(1)%	(19)%	(25)%	(7)%	(0.2)%
Commercial	5%	10%	4%	(9)%	3%	(1)%	4%	2%	3%	3%
Domestic	4%	0%	2%	6%	6%	2%	4%	7%	2%	1%
Government	3%	(1)%	(7)%	2%	(1)%	(1)%	2%	(3)%	7%	1%
Total sales (decline) growth	5%	11%	6%	(4)%	1%	(1)%	0%	(4)%	0%	1%
Earning ratios (%)										
Net margin	(25.9)%	(9.8)%	(15.0)%	(9.5)%	(41.3)%	6.0%	22.4%	(5.1)%	(3.5)%	(10.9)%
Earnings to irredeemable capital	(16.5)%	(5.0)%	(4.2)%	5.1%	(7.6)%	8.4%	14.7%	3.6%	7.0%	8.3%
Return on total average assets employed	(5.8)%	(1.7)%	(2.6)%	(1.6)%	(6.0)%	0.9%	3.2%	1.2%	1.8%	2.0%
Operating Profit/(loss) to revenue	(23.9)%	(1.9)%	(12.6)%	11.7%	(20.9)%	21.6%	38.5%	8.2%	11.5%	13.4%
Return on revalued Property, Plant and Equipment (%)	(6.4)%	(1.9)%	(2.4)%	2.2%	(3.4)%	3.8%	6.2%	1.4%	2.1%	2.3%

LEADERSHIP

Chairman's Remarks	26
Board Members Profiles	30
Chief Executive Officer's Statement	34
Chief Financial Officer's Statement	38
Executive Management Profiles	42

Chairman's Remarks



It is with great honour that I present to our shareholders and other strategic stakeholders, the Botswana Power Corporation Annual Report for the financial year ended 31 March 2024.

Professor Oboetswe Motsamai
Chairperson

PRODUCTION AT MORUPULE A:

THE PLANT DISPATCH WAS AT

463.31 GWh

AGAINST A PLAN OF
470.00 GWh
99%

INTRODUCTION

During the reporting period, the Corporation continued to make significant strides in the successful implementation of the third year of its Corporate Strategy titled 'Maduo26', which was officially launched on 5 May 2022. Guided by our strategic vision, 'To become a regional benchmark in energy supply' we remain committed to fostering collaboration and adaptability in navigating the dynamic and evolving energy sector landscape.

To ensure rigorous adherence to strategy governance processes, the Corporation has undertaken thorough performance reviews at multiple levels, engaging the Board, management, and operational teams. These ongoing assessments reinforce our commitment to continuous improvement and ensure we respond swiftly and effectively to internal and external challenges that may impact our strategic objectives. Notably, we have seen significant advancements in our digital transformation agenda, as well as in our Asset Care and Management strategies, with tangible improvements in the remedial works at Morupule B Power Station.

CORPORATE GOVERNANCE

BPC is committed to the highest standards of business integrity, ethical values and professionalism across all its operations. The Corporation places a strong emphasis on achieving and upholding the highest principles of business ethics and corporate governance. The Corporation recognises that adhering to sound principles of corporate governance is fundamental to earning and maintaining stakeholders' trust while driving sustainable performance goals. During the 2024 financial year, the Board prioritised key initiatives to strengthen BPC's strategic direction and operational resilience. These priorities included:

- Ensuring financial sustainability to secure the Corporation's long-term viability.
- Enhancing asset management for operational efficiency and reliability.
- Establishing project execution capabilities to drive effective and timely delivery of strategic initiatives.
- Improving employee experience by fostering a supportive and engaging workplace culture.
- Strengthening corporate image by fostering a supportive and engaging workplace culture.
- Upholding Board diligence to maintain effective governance oversight throughout the year.

Through these commitments, the Board continues to lead BPC with integrity, accountability, and strategic foresight to secure a resilient and progressive future.

To uphold the highest standards of Board performance, efficiency, and effectiveness, during the reporting period BPC undertook a comprehensive review of key governance documents. These included the Botswana Power Corporation Act, the Board Charter and the development of a Stakeholder Engagement Policy, reinforcing the Corporation's commitment to strong governance principles. Recognising the importance of continuous development and upskilling, the Board actively identified training opportunities for members across several strategic areas. This ensured that members remained well-equipped to navigate complex challenges and make informed decisions. Through collective accountability and a steadfast commitment to governance excellence, the Board played a pivotal role in driving the Corporation's success and advancing its strategic objectives.

STRATEGIC OVERVIEW

Guided by the Maduo26 strategy, the Corporation has undertaken various initiatives in its pursuit of becoming a regional benchmark in energy supply.

CUSTOMER AND STAKEHOLDER INITIATIVES

The Corporation engaged in outreach activities across various platforms to educate the public on key aspects of its operations. The most common topics included electrical safety, energy efficiency, vandalism and theft, anonymous tip-offs, the National Electricity Standard Connection, cost for low-income households, applicable tariffs, Split Smart Meters, and the Rooftop Solar Programme.

Zero Harm Commitment

The Corporation prioritises a zero-harm approach, striving to ensure that no employees or members of the public are harmed by its operations, that equipment and the environment remain undamaged, and that loss of life is prevented. To promote electrical safety awareness, the Corporation launched a Safety Communication initiative across various media platforms. Some notable activities included:

- Sending Bulk messages (SMS).
- Utilising social media and online platforms.
- Distributing safety posters to kgotlas, district administration and council offices, public toilets, schools, and other relevant locations.
- Broadcasting safety messages on the radio.

Chairman's Remarks (continued)

CORPORATE SOCIAL RESPONSIBILITY

BPC remains committed to sharing compassion and support for communities in need. Through its Corporate Social Responsibility (CSR) mandate, the Corporation has positively impacted the lives of school children, youth, the elderly, women, and the sports sector. Its contributions have helped improve basic education, health, and wellness through funding to beneficiary groups and individuals.

INTERNAL PROCESSES INITIATIVES

As of year-end, the Enterprise Asset Management (EAM) system successfully went live. The deployment of key modules such as Plant Preventive Maintenance (PM), Safety Health and Environment (SHE), and Materials Management (MM) into production marks a significant milestone in the Corporation's adoption of digital technologies for asset management.

LEARNING AND GROWTH INITIATIVES

Employee Learning and Development remains a cornerstone of the Corporation's strategic agenda. In alignment with the Maduo26 strategic pillar of attracting, retaining, and developing talent, the Corporation continues to strengthen employee competencies and skills.

During the FY 2023/2024, a total of 1,165 employees received training, 634 through internal programmes and 531 through external initiatives. Employee Learning and Development continues to be an integral part of the Corporation's strategic agenda. As part of efforts to revitalise training programmes, the Corporation has re-accredited non-credit bearing short courses, previously under the Botswana Qualifications Authority (BQA), which have been transitioned to the Human Resource Development Council (HRDC). In line with the HRDC requirements, 12 targeted programmes for FY 2023/2024 have been successfully re-accredited.

SAFETY HEALTH ENVIRONMENT AND RISK (SHER)

Management has intensified efforts to implement strategies aimed at reducing injuries, enhancing environmental conditions, and enforcing compliance with the Corporation's Safety, Health and Environment (SHE) requirements. Comprehensive investigations were conducted for incidents, leading to the development and implementation of corrective and preventive action plans.

The Loss Time Injury Frequency Rate decreased from 0.55 in 2021 to 0.11 in 2024, achieving performance well within the stretch target of 0.25. Similarly, total Recordable Incident Frequency Rate dropped from 0.82 in 2021 to 0.18 in 2024. Looking ahead, the Corporation is working towards obtaining ISO 14001 (OHSM) and 45001 (EMS) certifications by mid-2025.

FINANCIAL PERFORMANCE OVERVIEW

For the period ended 31 March 2024, the Corporation's financial performance reflected the following key outcomes:

- **The Total Operating Costs** exceeded the current budget by 18% and were 54% higher than the previous financial year.
- The **Net Loss** of P1.842 billion marked a significant decline compared to the Net Loss of P525.612 million reported in the previous financial year and was considerably higher than the budgeted Net Loss of P176.929 million.
- Accumulated losses and liquidity levels remained negative.

MORUPULE A POWER STATION

The plant's performance for FY 2023/2024 was satisfactory considering the projected performance limits. Total generation fell slightly short of the target by 1%. Plant dispatch reached 463.31 GWh compared to the planned 470.00 GWh, reflecting a 99% conformance to the plan for the period under review. The variance was primarily attributed to forced outages, including the prolonged forced outage of Unit 1 and intermittent curtailments of supply.

MORUPULE B POWER STATION

The plant's performance for FY 2023/24 declined as compared to the previous year, with an Energy Availability Factor (EAF) of 52.23%, falling short of the 64% target. Following the successful completion of remedial works on Unit 4 in the previous financial year, all four units were available for production. The EAF for the review period was 52.23% against the 64% target for a gross capacity of 600MW.

RENEWABLE ENERGY PROJECTS

The Corporation continues to advance renewable energy initiatives aimed at reducing the country's carbon footprint and supporting the country to achieve its commitment to lowering coal emissions.

During FY 2023/2024, the Corporation successfully commissioned the Bobonong and Shakawe Small Scale Projects with a combined capacity of 4MW. In the same period, the Corporation reached Financial Close for the first 50MW Solar PV Project in Mmadiinare. This milestone paved the way for the commencement of construction works, marking the country's first utility-scale solar project, which is expected to reach commercial operation in the next financial year.

Additionally, the Corporation awarded contracts for 10 grid-tied small-scale solar PV projects along with two utility-scale grid-connected solar PV projects, totalling 34MW. The 10 grid-tied solar projects will be built in different locations near demand centres. The Jwaneng 100MW Utility-Scale Solar PV Project, as well as the Mmadiinare 50MW Phase 2 Solar Project, are expected to reach Financial Close in the next financial year.

Regarding the Rooftop Solar Programme, the Corporation has successfully commissioned 10MW, and the Ministry continues to review the Rooftop Guidelines to allow for increased capacity.



HUMAN CAPITAL

FY 2023/2024 saw significant progress in the Corporation's human capital resourcing plan, as it continued to recruit and retain skilled employees. A total of 117 new employees were hired during the financial year.

The Corporation remains committed to implementing attraction and retention strategies aimed at progressively reducing attrition while enhancing retention. Employee health and wellness also remains a top priority, with the Corporation providing emotional and psychological support for various social issues through both internal and external service providers.

RISK MANAGEMENT

In pursuit of enhancing BPC's risk maturity level, several projects have been initiated for full implementation in FY 2023/2024. Key activities identified for execution include:

- Reviewing the BPC Risk Assurance Framework to align with the latest trends and standards
- Conducting an Insurance Structure Review to explore alternative risk solutions
- Implementing Business Continuity Management in line with structural changes
- Assessing existing risks to ensure alignment with the objectives of the Maduo26 Strategy
- Reviewing departmental structures and roles to meet the evolving demands of the new strategy.

APPRECIATION

I extend my sincere gratitude to the Government of Botswana and all stakeholders for their continued support and trust in our mandate to become a regional benchmark in energy supply. This mission is more critical than ever as the Government advances its mindset change strategy to drive transformation and foster a collective shift in attitudes and perspectives.

The Corporation remains committed to playing a vital role in supporting the Government's Integrated Resource Plan (IRP). As more Power Purchase Agreements (PPAs) are signed and implemented, we will contribute to the evolving energy mix necessary for sustaining the economy.

I wish to express my deepest appreciation to my colleagues on the BPC Board of Directors and our Executive Committee (EXCO) Team for their unwavering support and dedication in leading the Corporation, despite the challenges we sometimes face.

Finally, on behalf of the BPC Board of Directors and the EXCO Team, I extend heartfelt thanks to all BPC employees for their contributions throughout the year. Your commitment is instrumental in driving the Corporation's continued efforts to achieve the objectives of Maduo26, and establish itself as a regional benchmark in energy supply.

Board Members Profiles



Professor Oboetswe Motsamai

Chairman

Tenure: 1 August 2023 to date

Professor Motsamai is a Mechanical and Aeronautical Engineering Professor at the University of Botswana, Department of Mechanical Engineering. Professor Motsamai graduated with a B.Eng in Mechanical Engineering from the University of Botswana in 1996 and holds an MSc. degree in Thermal Power and Fluids Engineering from the University of Manchester Institute of Science and Technology (UMIST). He received a PhD in Mechanical and Aeronautical Engineering from the University of Pretoria in 2008 and got a Golden Key International Award for excellence in research. He started his career in engineering with Kentz Botswana, and later worked for G4 Consulting Engineers, before joining UB. He has served the University of Botswana in many high-level committees, including HOD, Senate and FAPRAC. He also served on the Advisory Board for the Botswana College of Engineering and Technology. He served the Government of Botswana in various committees and assignments, and has previously assisted CEDA, LEA and other companies in engineering-related projects.



Ms Lilly Sullivan

Member

Tenure: 1 April 2021 to date

Ms Sullivan is an ICT professional with over 25 years of experience in the Telecoms industry, 14 of which she has spent at the Senior and Executive Management Level. She holds a Master of Business Administration from the University of Warwick, UK. She has qualifications in BTEC HND Electronics and Communications Engineering from Cable and Wireless College, UK; Advanced Risk Management from the University of Cape Town, South Africa; and Executive Development Program, Wits Business School, South Africa. Ms Sullivan has held the position of Vice Chairperson of the ICT subcommittee at HRDC, and her professional memberships include Information Systems Audit and Control Association, and Business Continuity Institute.

She is currently the Chief Information Officer at Mascom Wireless, where she has been working since 2009.



Mr Pelaelo Khowe

Member

Tenure: 1 August 2023 to date

Mr Khowe is currently the Financial Advisor under the Coal Development Unit, Ministry of Mineral Resources, Green Technology and Energy Security. He is responsible for the management of finances of ministerial mega projects; advising on financial data and consequences of business decisions; advising on policy issues relating to finances and Ministerial budget; and providing guidance on financial models to be used. He previously accrued his extensive experience from the Botswana Meat Commission as a Group Management Accountant; Technoserve Botswana as Head of Finance and Administration; the Botswana National Youth Council as Director of Finance and Admin; LEA as Financial advisor; and UPENN Partnership in various leadership roles. Mr Khowe holds a Master of Business Administration and is a fellow-certified Chartered Accountant. He is a registered member of the Botswana Institute of Bankers.



Ms Cheryl Rabashwa

Member

Tenure: 1 April 2021 to date

Ms Rabashwa is a Human Resources professional with 15 years of experience in the mining and financial services industry environments. She holds a Diploma in Business Administration in Human Resources Management from the Cambrian College, Canada. She subsequently gained experience from Debswana Diamond Company where she worked as Chief Industrial Relations Officer, from FNBB as Senior Compliance Officer and as Senior Key Accountant Manager at PricewaterhouseCoopers. Ms Rabashwa is currently an Associate Consultant at People Facts (Pty) Ltd, an emerging remuneration and human capital consulting company.

Board Members Profiles (continued)



Mr Philiso Phodiso Valashia

Member

Tenure: 1 April 2021 to date

Mr Valashia is a widely experienced executive management officer and trade facilitation and customs expert, with over 20 years of experience. He holds a Master of Customs Administration and Law from the Munster University, Germany, and a Bachelor of Arts (Economics) degree from the University of Botswana. He sits as a Board Member of the Botswana Competition Authority and has sat as a member of the Botswana Unified Revenue Service (BURS) Executive Committee since 2012. Mr Valashia is currently the Commissioner of Operations at BURS and is, inter alia, responsible for all tax and customs operations of the Organisation.

Mr Robert Akanyang

Member

Tenure: 1 April 2021 to date

Mr Akanyang is a Quantity Surveyor who graduated in 1997 from the University of Reading, UK, with a Bachelor of Science degree. He has over 20 years of experience in the quantity surveying market. He gained his experience as a Quantity Surveyor within the mining industry, having worked in projects with industry giants such as Debswana Diamond Company. He has been involved in projects dealing with the education, retail, commercial, health, residential housing, industrial, religious, and tourism sectors, having begun in 1999. His professional affiliations include Member of QSRC (Professional Quantity Surveyor-PrQS [BW] 0002), the Royal Institute of Chartered Surveyors, the Association of South African Quantity Surveyors, Institute of Botswana Quantity Surveyors, and Botswana Institute of Development Professionals. Mr Akanyang has held the Chairman position of the Institute of Botswana Quantity Surveyors and was an executive member of the Association of African Quantity Surveyors. He is currently the founding Director of Akanyang Skinner Associates (Pty) Ltd, a registered Company that provides quantity surveying services.

Mr Moreri Sebonego

Member

Tenure: 1 April 2021 to date

Mr Sebonego is a seasoned Attorney with over 20 years of experience. He is currently a Partner at Busang Sebonego & Co Attorneys. He graduated with a Bachelor of Laws degree from the University of Botswana in 1997 and gained experience from Lesetedi and Company Attorneys, Seretse Attorneys, Moupo Motswagole and Dingake Attorneys, Matlho Attorneys, and subsequently Botswana Housing Corporation before he eventually settled at Busang Sebonego & Co Attorneys in 2003. Mr Sebonego is a member of the Law Society of Botswana, and a member of the South African Black Lawyers Association.

Mr Mothusi Obateng

Member

Tenure: 1 April 2021 to date

Mr Obateng holds a Bachelor of Accountancy degree from the University of Botswana and has gained his professional experience from various industry giants such as First National Bank of Botswana (FNBB), and PricewaterhouseCoopers. He is currently employed at Access Bank as the Money Laundering Reporting Officer Manager. During his tenure at FNBB, his previous employer, he was an AML Specialist Manager and worked there from 2015 to 2020. He also worked as Principal Anti-Corruption Officer at DCEC from 2008 to 2015, Internal Auditor at Botswana Postal Services from 2006 to 2008, and External Auditor at PricewaterhouseCoopers from 2003 to 2006. Mr Obateng is a member of the Botswana Institute of Accounts, and ACCPA.

Mr Moleko Majaha

Member

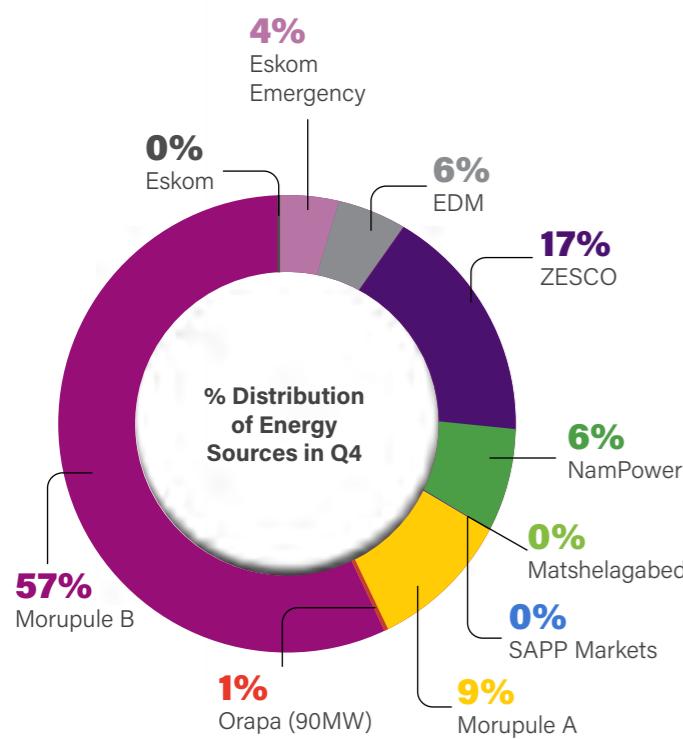
Tenure: 1 April 2021 to date

Mr Majaha is an Engineer with over 20 years of experience in the field. He currently holds the position of Head of Engineering and Asset Management at Debswana Diamond Company and has worked for the same company since 1994. Mr Majaha graduated with a B.Eng Mechanical (Honours) degree from Coventry University, UK in 1994, and holds a qualification in Project Management Professional (PMP) from the Project Management Institute.

Chief Executive Officer's Statement

With Government support, BPC remains committed to the successful implementation of the national Integrated Resource Plan (IRP), prioritising the integration of green energy into Botswana's energy mix to ensure environmental sustainability for future generations.

Mr David Kgoboko
Chief Executive Officer



OVERVIEW

I am delighted to present the Botswana Power Corporation (BPC) Integrated Annual Performance Report for the year ended 31 March 2024. This marks our second integrated report as we enhance our reporting standards by aligning with best practice frameworks. The review period represents the third year of our five-year Corporate Strategy, Madu26, which aims to ensure uninterrupted electricity supply, driving Botswana's economic transformation.

Although BPC remains central to Botswana's economy, the Corporation faced challenges during the year under review. While generation has significantly improved since the implementation of the turnaround strategy in 2022, our flagship Morupule B Power Station's energy availability factor (EAF) declined to 52.23% in 2024, compared to 63% in 2023. Internal generation has historically been our Achilles heel, however, we have faith since the ongoing generation turnaround strategy has delivered EAFs exceeding 50% in two consecutive years.

Despite this progress, power supply constraints are expected to persist over the next two to three years as Morupule B undergoes remediation as part of the broader turnaround strategy.

With Government support, BPC remains committed to the successful implementation of the national Integrated Resource Plan (IRP), prioritising the integration of green energy into Botswana's energy mix to ensure environmental sustainability for future generations.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational performance during the year was, as is the norm, largely driven by the Generation fleet. Transmission and distribution networks remained stable, but in order to fulfil our commitment to provide an uninterrupted electricity supply, lower generation output necessitated increased energy imports, acquired at volatile and high costs, impacting operational expenditure.

Operating losses rose significantly during the reporting period to P1.2 billion, compared to a restated loss of P92 million in 2023, primarily due to increased power import costs linked to Morupule B's reduced output. The station's performance remains critical to enhancing the Corporation's profitability.

Total revenue for the year was P4.995 billion, a 4.4% increase from P4.783 billion in 2023, driven by higher demand from the commercial and mining sectors. Other Operating Income, including material sales, consumer finance recoveries, and amortisation of Government grants, totalled P200.362 million, a 391% increase from P40.721 million in the previous year, primarily due to improved consumer finance recoveries.

Total Operating Expenditure for the year increased by P3 billion (54%) to P8.515 billion, from P5.516 billion in 2023, largely due to power import costs, which surged from P1.641 billion to P3.676 billion. This contributed to a post-tax loss of P1.842 billion, compared to P526 million in 2023, a significant adverse movement.

Total Non-Current Assets, net of depreciation, increased by 3% (P728 million) to P29.729 billion from P29.001 billion in 2023, mainly due to a P1.239 billion revaluation adjustment of generation, building and transmission assets, reflecting higher market values of non-ferrous metals, particularly of copper and aluminium, which are key components of our electrical assets.

Current Assets grew by 20% from P1.512 billion to P1.807 billion. Shareholders' equity (Capital and Reserves) stood at P15.149 billion, down 4% (P676 million) from P15.826 billion in 2023. Non-current liabilities increased slightly by 1% (P62 million) to P9.611 billion from P9.549 billion (restated), driven by higher deferred tax liabilities from the write-off of deferred tax assets. Current Liabilities increased by 32% (P1.637 billion) to P6.776 billion compared to P5.138 billion in 2023 due to the Corporation's lower financial performance.

OPERATING LOSSES ROSE SIGNIFICANTLY DURING THE REPORTING PERIOD TO

**P1.2 billion,
COMPARED TO A RESTATED LOSS OF P92 MILLION
in 2023**

TOTAL REVENUE FOR THE YEAR WAS

**P4.995 billion,
A 4.4% INCREASE
from P4.39 billion in 2023**

TOTAL OPERATING EXPENDITURE FOR THE YEAR INCREASED BY

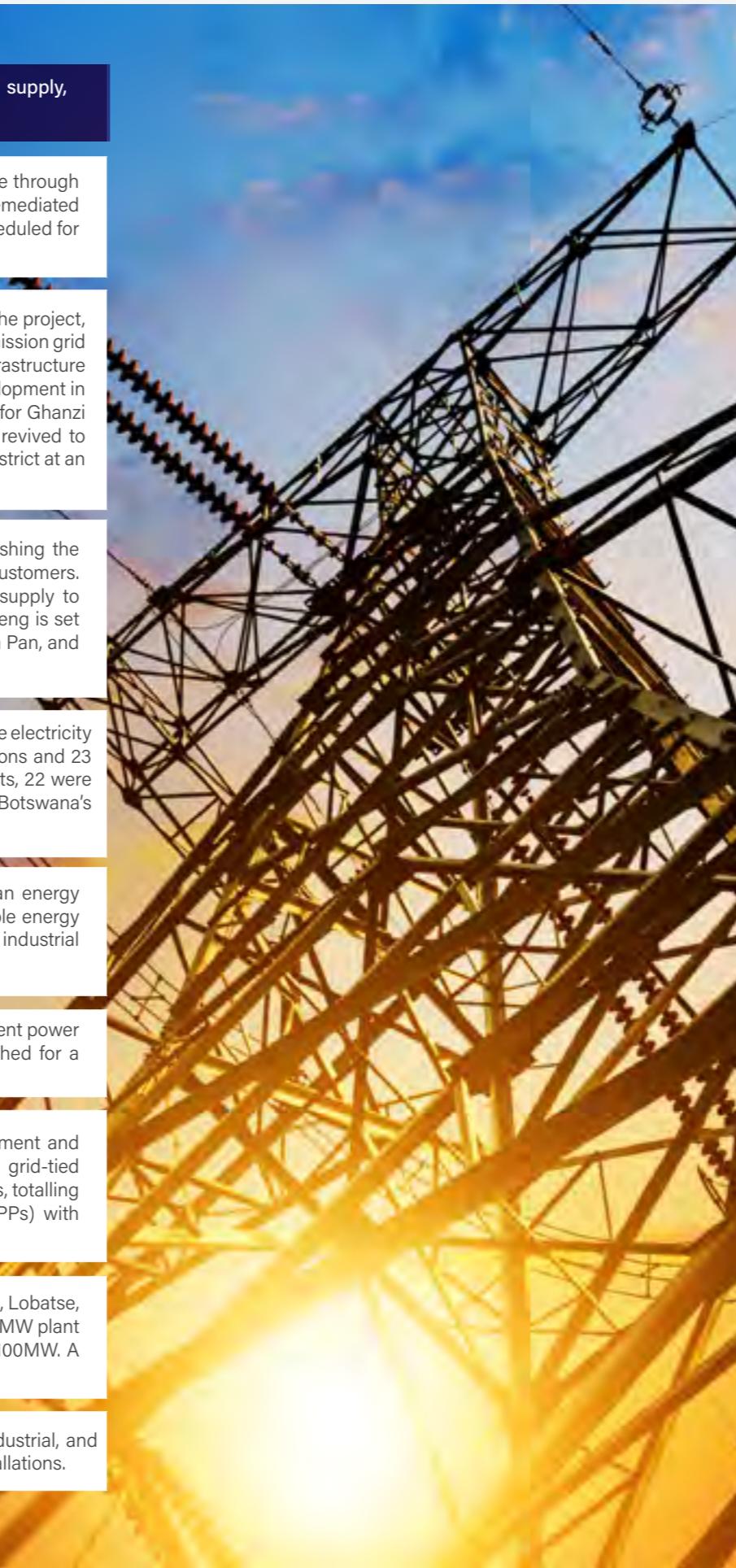
**P3 billion
(54%) TO P8.515 BILLION,
from P5.516 billion in 2023**

Chief Executive Officer's Statement continued

KEY PROJECTS

BPC is undertaking key strategic initiatives to strengthen Botswana's electricity supply, supported by shareholder equity injections:

- **Morupule B Power Station Remedial Works:** Efforts to improve plant performance through defect remediation continue. One of the four units at Morupule B was successfully remediated in September 2022, enhancing generation output. The remaining three units are scheduled for completion in 2027.
- **Northwest Transmission Grid Connection Project (NWTGC):** The first phase of the project, funded by the shareholder at P2.355 billion, extended Botswana's high-voltage transmission grid to Maun, Shakawe, and Ghanzi via Orapa. Completed in the reporting year, this infrastructure ensures a reliable grid supply to Northwestern Botswana, supporting economic development in mining and agriculture, and reducing reliance on cross-border supply from Namibia for Ghanzi and Shakawe. Phase 2, suspended in 2018 due to financial constraints, has been revived to connect the Zambezi Integrated Agro-Commercial Development Project in Chobe District at an estimated cost of P3.8 billion.
- **Transmission and Distribution Network:** BPC continues reinforcing and refurbishing the distribution network to reduce system faults and ensure a reliable power supply to customers. Mochudi and Tlokweng substations were completed during the year, improving supply to surrounding areas, including the Kgatleng River villages. Load dispersal from Tlokweng is set for commissioning in October 2024. Other ongoing projects include Charles Hill, Sua Pan, and capacity expansions at the Government Enclave and Maun.
- **Rural Electrification Programme:** This government-funded initiative aims to increase electricity access in rural villages. Five new villages were electrified, with 12 network connections and 23 gap extensions completed during the year. Of the 23 approved electrification projects, 22 were completed, with one scheduled for early next financial year. This initiative supports Botswana's position as one of Africa's most electrified nations.
- **Renewable Energy Projects:** BPC, alongside the Government, is spearheading an energy transition aimed at (i) reducing the national carbon footprint, (ii) achieving renewable energy targets, and (iii) supplying green energy to large power consumers in the mining and industrial sectors.
 - The Corporation currently off-takes solar energy from two small-scale independent power producers: Shakawe (1MW) and Bobonong (3MW). Financial close was reached for a 50MW independent power producer in Mmadinare.
 - Under the National Integrated Resource Plan, BPC is advancing the development and construction of green energy projects. The first phase covers 12 small-scale grid-tied solar PV plants and two larger-scale grid-connected utility-scale solar PV plants, totalling 236MW, which will be developed through Independent Power Producers (IPPs) with long-term power purchase agreements.
 - As of year-end, five solar PV project plants—Bobonong (3MW), Shakawe (1MW), Lobatse, Maun, and Ghanzi (4MW each)—were at the financing stage. The Mmadinare 50MW plant is scheduled to be commissioned by February 2025, with expansion plans to 100MW. A 100MW solar project in Jwaneng is at the tender stage.
 - BPC has also launched a Rooftop Solar Programme, allowing commercial, industrial, and domestic customers to generate up to 10MW through distributed solar installations.



SAFETY, HEALTH, ENVIRONMENT, AND RISK

BPC is committed to employee safety and environmental protection. Under the Maduo26 transformation strategy, BPC upholds a **Zero Harm** principle to prevent workplace injuries, illnesses, property damage, and environmental harm. To strengthen this commitment, BPC is implementing an integrated SHE Management system aligned with ISO 14001:2015 (Environmental Management Systems) and ISO 45001:2018 (Occupational Health & Safety), with certification targeted by the end of the 2025 financial year.

A proactive approach to workplace safety has led to over 200,000 near misses being reported, exceeding the 180,000 target. In 2024, BPC recorded a stronger performance in the Total Recordable Injury Frequency Rate (TRIFR), which improved to 0.18 compared to 0.26 in 2023.

To mitigate emissions from its coal generation fleet, BPC employs Sodium Bicarbonate and limestone and bag filters at Flue Gas Desulphurisation (FGD) plants and Electrostatic Precipitators (ESP). Continuous ambient air quality monitoring is conducted at MAPS and MBPS to ensure compliance.

ENTERPRISE RISK MANAGEMENT

BPC has established a robust risk management framework aligned with ISO 31000:2018 principles, embedding risk identification, evaluation, and mitigation across all levels of the organisation. The Executive Committee and the Board's Audit and Risk Management Committee oversee risk management activities, supported by the Corporate Risk and Internal Audit functions. This framework ensures effective risk management, enhancing decision-making, objective-setting, and overall performance.

HUMAN CAPITAL

BPC recognises that its human capital is pivotal in transforming the Corporation into a high-performing organisation. Key initiatives, including resourcing, training, development, talent management, and succession planning, continue to strengthen our employee value proposition. As of 31st March 2024, BPC's approved staff establishment was 2,374, with a headcount of 2,227.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, BPC prioritises sustainability and social responsibility through programmes that support education, local government service delivery, community sports and wellness initiatives.

OUTLOOK

The Maduo26 strategy is proving instrumental in advancing Botswana's energy transition while ensuring that we strive to stabilise generation performance to meet demand. In 2025, 100MW of additional green energy will be delivered via IPPs, supporting the implementation of the Government's Integrated Resource Plan. As a vertically integrated entity, BPC remains resilient against transition risks while playing a pivotal role in enabling growth across the energy sector, in line with Botswana's national aspirations.

ACKNOWLEDGEMENTS

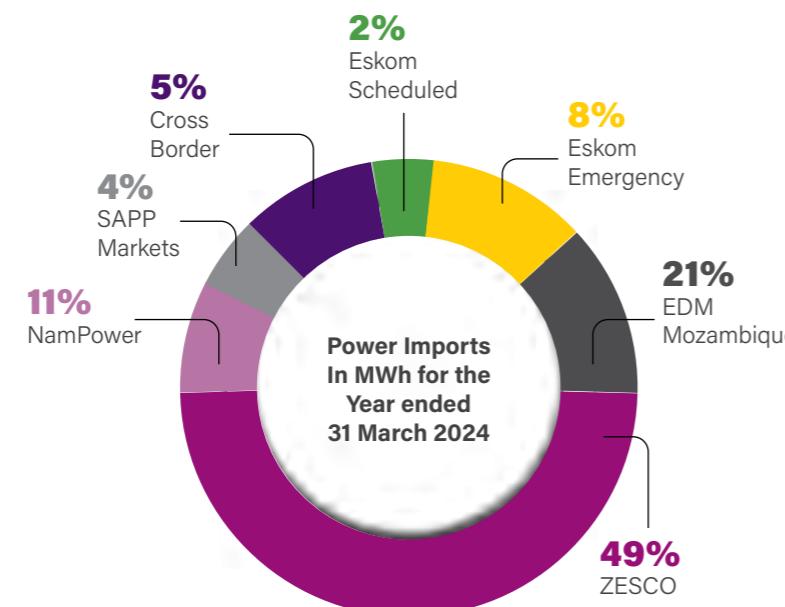
I extend my sincere gratitude to the Board of Directors for their unwavering support of the Maduo26 strategy as we navigate the evolving energy landscape. My appreciation also goes to Management and all staff members for their exceptional efforts under severely challenging circumstances to ensure continued electricity supply to our valued customers.

Chief Financial Officer's Statement



"As the Corporation continues its national mandate of driving economic transformation, the financial year was not without challenges."

Mr Oaitse Ramasedi
Chief Financial Officer



ZESCO supply contributed 49% of the power imports followed by purchases from EDM at 21%.

Our flagship cash-generating unit and baseload generation fleet, Morupule B, saw its performance decline from 63% in the prior year to 52% for the year ending 31 March 2024.

The audited financial results for the year ended 31 March 2024 show a loss before tax of P1.612 billion, compared to P399.041 million in 2023. This decline is primarily attributed to Morupule B's lower performance and the corresponding rise in power import expenditure. Operating loss (P1.194 billion) before financial items surged by more than 1000% from the prior year (P92.037 million), also driven by the high-power import bill resulting from Morupule B's reduced performance. It is important to note that power import unit prices were volatile, increasing import costs. Net loss (after tax) for the year was P1.842 billion compared to a prior year loss of P525.612 million.

OPERATIONAL PERFORMANCE

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margin: The Corporation recorded an EBITDA margin (excluding subsidy) of negative 43% against a budgeted negative 17.6%. This highlights the losses incurred from normal operations after covering direct input costs and administrative expenses, but before financing expenditures.

Key Performance Drivers

The performance during the period under review was influenced by the following factors:

Operating Income (excluding Government subsidy) reached

P5.195 billion,

UP FROM P4.823 BILLION

in the prior year, driven by increased demand and consumption, particularly by the mining sector.

Total Operating Costs rose to

P8.515 billion

COMPARED TO P5.516 BILLION

in the prior year, an increase of **P2.999 BILLION (54%)**.

The breakdown of the expenditure was as follows:

► **Direct Input Costs (Fuel & Power imports) totalled**

P5.012 billion

compared to **P2.680 BILLION**

in the prior year. This increase was largely due to power import costs, which surged to P3.677 billion from

P1.641 billion (a 124% rise). Higher-than-anticipated energy imports at elevated costs, coupled with lower internal generation, drove this expenditure. The poor performance of MBPS led to overspending on emergency plants.

► **Solar Independent Power Producers (IPP)** supplied

5,940 MWh

DURING THE YEAR AT A COST OF P6.209 MILLION.

► **Morupule B Power Station (MBPS)** operated at an average availability rate of

52% BELOW THE ANTICIPATED 64%.

► **Morupule A Power Station (MAPS)** had an average availability rate of

64% COMPARED TO THE EXPECTED 70%.

Table 1: Power Imports Statistics

Source	Energy (MWh)	Cost (BWP)	Average Cost (thebe/kWh)
Eskom Scheduled	36,180	53,652,848	148.30
Eskom Emergency	143,224	718,632,719	501.75
EDM (Mozambique)	378,631	791,741,306	209.11
ZESCO	860,632	1,479,752,837	171.94
NamPower	191,649	175,842,817	91.75
SAPP Markets	78,766	186,261,699	236.47
Cross border	84,628	178,934,511	211.44
Wheeling Charge		85,866,954	
Total	1,773,710	3,670,685,692	206.95

Chief Financial Officer's Statement continued

The average cost per unit was 206.95 thebe/kWh with the most expensive source being Eskom Emergency at 501.75 thebe/kWh. The least expensive was the NamPower Over-The-Counter supply. While BPC does not have a formal power supply agreement with Eskom, costs were incurred due to Over-The-Counter supply, which was necessary to respond to a sudden loss of internal generation and to meet demand shortfalls.

Staff Costs & Depreciation

Staff Costs totalled P929.624 million, compared to P851.561 million in 2023. This increase was primarily driven by inflationary salary adjustments and the filling of vacant positions.

Depreciation increased to P1.019314 billion in 2024 from P949.005 million in 2023, largely due to additions during the year and an increase in the Property, Plant and Equipment (PPE) revaluation reserve of P1.191 billion recorded at the end of 2023.

FINANCIAL PERFORMANCE

Net Profit Margin: After factoring in financing costs and depreciation, the Net Profit Margin was negative 25% compared to negative 7% in the prior year.

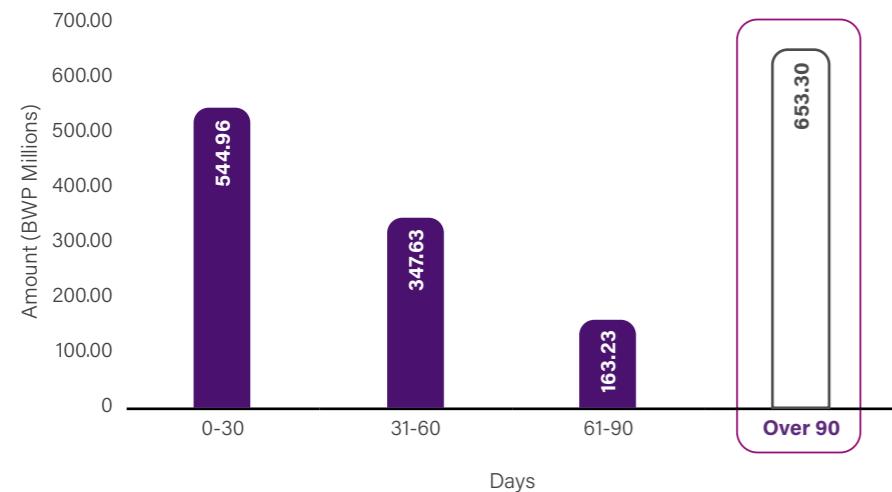
Financial Items: The overall loss under financial items stood at P417.997 million compared to P307.004 million in the prior period. This was mainly due to unfavourable changes in forward exchange rates and interest rates. Despite this, the swap instrument covering ICBC's loan interest and forex risk remained an asset to BPC, with a value of P1.025 billion.

Working Capital

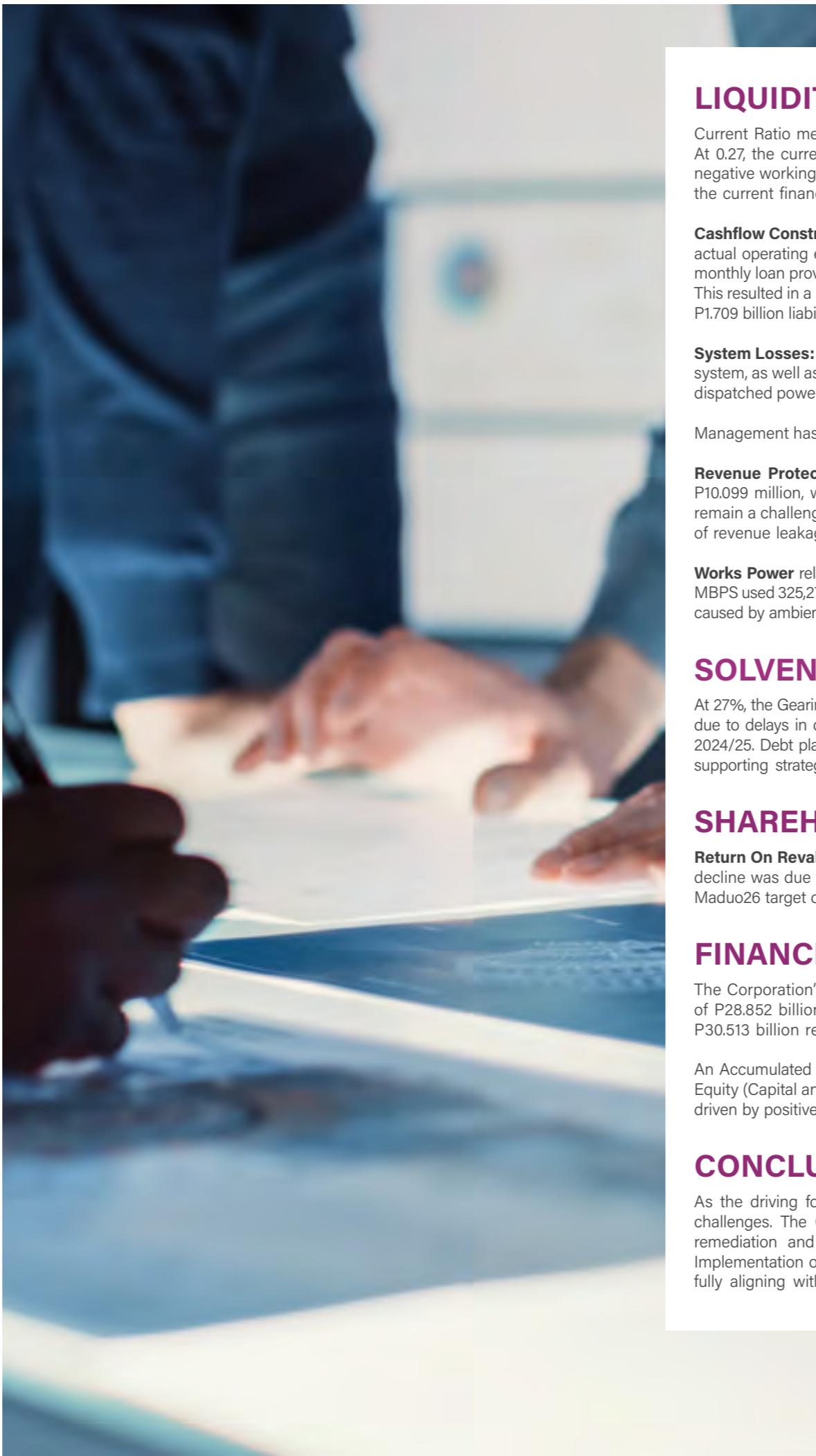
Debtor Days: The Corporation took an average of 55 days to collect payments from credit customers, which is below the budgeted target of 40 days, reflecting a slower-than-expected cash inflow.

Creditor Days: BPS's average Creditor Days were 106 days, significantly exceeding the supplier payment terms of 30 days. This extended payment cycle highlights the Corporation's severe cash flow constraints.

Figure 5: Creditor Age Analysis as at 31 March 2024



As of 31 March 2024, the Trade Payables balance stood at P1.709 billion. Morupule Coal Mine (MCM) alone was owed P622.514 million, including P137.184 million in interest. Additionally, there was a disputed P158.193 million arising from MAPS fixed costs, which fell off in December 2022, and a rise and fall adjustment that the Corporation never accepted. Of the total amount owed, only P64 million was current, while the balance was overdue.



LIQUIDITY

Current Ratio measures BPC's ability to pay its short-term obligations, which fall due within one year. At 0.27, the current ratio was below both the target of 0.39 and the prior-year level of 0.29, reflecting negative working capital with current liabilities exceeding current assets. The Maduo26 target is 0.50 for the current financial year.

Cashflow Constraints: The average monthly income, inclusive of subsidies, was P610.079.58 million while actual operating expenses reached P619.030 million per month. This is in addition to the P51.398 million monthly loan provision (payable biannually) and P33.865 million capital expenditure (capex) requirements. This resulted in a monthly net cash deficit of P93.290 million, significantly straining BPC's ability to settle its P1.709 billion liabilities due to insufficient cash reserves.

System Losses: These include energy lost during transmission and distribution due to impedance in the system, as well as revenue leakages. During the period under review, a total of 792,542MWh (17% of total dispatched power) was lost, amounting to P1.009 billion in revenue losses.

Management has initiated measures to mitigate distribution losses.

Revenue Protection initiatives undertaken during the year led to total revenue leakage charges of P10.099 million, with P3.438 million (34%) successfully recovered. However, customer payment delays remain a challenge, despite disconnections. A total of 8,024 premises were inspected, and 426 instances of revenue leakage were identified, including meter bypasses, free flows, and blank meters.

Works Power relates to the internal power used during the production of electricity. As of 31 March 2024, MBPS used 325,277 MWh (14%) and MAPS 70,120 MWh (15%) internal power. High internal power was mainly caused by ambient losses and startup inefficiencies, increasing the Unplanned Capability Loss Factor.

SOLVENCY

At 27%, the Gearing Ratio (which is indicative of the financial risk) remained below the 38% target, primarily due to delays in debt acquisition. The process is expected to be completed during the first quarter of FY 2024/25. Debt plays a minimal role in BPC's capital structure due to the high Government equity injection supporting strategic projects.

SHAREHOLDER RETURN

Return On Revalued Assets (RORA) was negative 6% compared to negative 1% in the prior year. This decline was due to net losses, falling short of both the budgeted 2023/24 target (negative 1%) and the Maduo26 target of 2%.

FINANCIAL POSITION

The Corporation's Balance Sheet stood at P31.536 billion as of 31 March 2024, surpassing the target of P28.852 billion by P2.684 billion (9%) and representing an increase of P1.022 billion (4%) on the P30.513 billion reported at the end of March 2023.

An Accumulated Loss of P8.921 billion was recorded. The Shareholders' wealth represented by the Total Equity (Capital and Reserves) was recorded at P15.149 billion compared to P15.826 billion in the prior year, driven by positive revaluation gains offset by substantial losses in 2024.

CONCLUSION

As the driving force behind Botswana's economic transformation, the Corporation is resilient despite challenges. The Generation Turnaround Strategy, focused on optimising MBPS performance through remediation and improved operations, reinforces confidence that every cloud has a silver lining. Implementation of the Integrated Resource Plan also provides a pathway towards financial sustainability, fully aligning with the Maduo26 strategy.

Executive Management

The Board delegates its various duties to the Chief Executive Officer and Executive Management. The Corporation's Executive Management operationalises the strategy approved at Board level to meet it as other stakeholder expectations.



Mr David Kgoboko

Chief Executive Officer

Mr David Kgoboko joined BPC on 1st February 2021 as Chief Executive Officer from Morupule Coal Mine (MCM), where he rose through the ranks to the position of General Manager. He is a qualified Engineer with over 20 years' experience in the Mining and Engineering Industry. Mr Kgoboko brings to BPC a wealth of experience gained from the Mining industry. He is a transformational leader and grew the mine footprint by securing markets for coal in Turkey, South Africa, Zimbabwe, Zambia and Namibia. It was under Mr Kgoboko's leadership that MCM was recognised as the safest coal mine in the SADC region with a track record of 13 years of no fatal accidents and also received awards from the Botswana Chamber of Mines for being the safest mine in the country in 2014, 2016 and 2017.

As a people-oriented leader, Mr Kgoboko brings to BPC extensive experience in Industrial Relations Management, having successfully proposed the initiative of a multi-year substantive agreement to the Botswana Mining Workers Union, which led to the signing of a three-year agreement over two consecutive terms: 2014 to 2016 and 2017 to 2019. He led MCM to become the first organisation in Africa to be ISO 55001 certified – an international Asset Management standard. Mr Kgoboko has also developed and mentored young local engineers who are currently making strides in the mining industry. The Corporation benefits from Mr Kgoboko's Community Empowerment background, where he has played his leadership role in the provision of shelter and other basics to communities in need, a gesture that was recognised by the Office of the President of Botswana.

As a millennial General Manager, while at MCM Mr Kgoboko undertook the annual General Manager Cycling Challenge, which attracted cycling clubs and participants from across the country. Proceeds from this challenge were donated to communities.

Mr Kgoboko holds a Bachelor of Science Degree in Mining Engineering from Queen's University in Canada and an Executive Management Development Programme qualification acquired from the University of Stellenbosch, South Africa. Mr Kgoboko has served as Chairman of the Botswana Chamber of Mines, as well as Chairman of the Board of Trustees for the MCM Mine Rehabilitation Trust Fund.



Mr Oaitse Ramasedi

Chief Financial Officer

Mr Oaitse M. Ramasedi is a seasoned finance professional. He joined BPC as Chief Financial Officer in June 2020 and plays a key role in the financial restructuring and long-term sustainability of BPC. His professional experience spans academic institutions, civil service, rail transport and financial institutions. Mr Ramasedi graduated with a Master of Arts, Postgraduate Diploma in Risk Management and Bachelor of Commerce. He is a Fellow of the Chartered Institute of Management Accountants, Fellow of the Botswana Institute of Chartered Accountants, Fellow of the Insurance Institute of South Africa, and Associate Member of the then Botswana Institute of Bankers (now the Botswana Institute of Banking and Finance). In addition to his professional life, Mr Ramasedi has served on numerous boards.



Mr Edward Rugoyi

General Manager Generation

Mr Edward Rugoyi is a chartered electrical engineer with more than 25 years of experience in power systems gained in the Southern African electricity supply industry. He has specialised expertise in power utility management at senior and executive level which has given him experience in the transformation of power utilities, strategic planning, strategy implementation, power sector reforms and restructuring. His electrical power utility management experience is backed by several years of technical experience in electrical power system operation and maintenance, transmission and distribution infrastructure development, energy transaction agreements comprising operation and maintenance agreements, power purchase agreements, primary fuel supply agreements and cross-border electricity trade.

Executive Management continued



Mr Mogomotsi Kebitseng

General Manager Asset Management and Care

Mr Mogomotsi Kebitseng joined the BPC Executive Management team on the 1st of August 2022 as the General Manager Asset Management and Care. He previously served as the Power Station Manager at the Morupule A Power Station. He is a professional engineer with over 12 years of experience in the power generation, water, gas, cryogenics, hydrogen (SMR) and mining utility industries. His experience includes engineering, operations and maintenance, project and contract management obtained in various countries including Namibia, Botswana, Egypt and Madagascar where he has held various roles in engineering and senior management. He is well versed in the areas of Asset Management and Reliability Engineering, Robotics, Process Automation, Control & Instrumentation and ISO Integrated Management systems. Mr Kebitseng holds a Bachelor of Engineering (Hons) degree in Electronics (Telecom, Controls and Automation) from the Multimedia University, Malaysia and a Master of Business Administration in Operations and Project Management, UCAM, Spain. He is a member of the Engineers Registration Board (ERB) and the Chartered Management Institute (CMI, UK).



Mr Lethhogonolo Maemo Bantsi

General Manager Human Resources

Mr Lethhogonolo Maemo Bantsi joined the Corporation on 1 August 2019, bringing extensive experience in Human Resources Management. His career began at the Botswana Mine Workers Union as Education and Training Coordinator before joining Air Botswana in 1996 as an Industrial Relations Officer, later becoming Employee Relations Manager. He rose to Acting Human Resources Manager and Training & Development Manager, and from 2008 to 2009, also served as Acting General Manager. In 2010, he founded People Management Connections (Pty) Ltd, a consultancy specialising in HR services. He later joined Botswana Railways as Director of Human Capital (2012-2019), where he led restructuring initiatives. Mr Bantsi holds an MBA and Postgraduate Diploma in Management Studies from Buckinghamshire Chilterns University College (UK), and a Postgraduate Diploma in Law from the University of Cape Town. A Fellow of the International Academy of Management (UK), he is also a member of the Institute of People Management (SA) and a founding member of the Institute of Human Resources Management (Botswana). He has served as a part-time Mediator/Arbitrator (2006-2019).



Mr Emmanuel B. Bopadile

General Manager Internal Audit

Mr Bopadile is a highly experienced audit professional with a diverse background spanning over 20 years across multiple sectors, including the telecommunications, mining, industrial research and innovation, public sector, labour, property development, and the energy sector. He joined the BPC Team at the end of 2017 as the Head of Internal Audit, providing comprehensive assurance services over governance, risk management, and compliance programmes of the Corporation. Mr Bopadile's academic background includes a Bachelor of Commerce, Programme in Forensic Investigative Auditing, Chartered Governance Professional certification, Leadership Development Programme, Diploma in Performance Auditing, and Advanced Diploma in Performance Auditing. In his current role, he spearheads assurance efforts to address the risk challenges arising from the convergence of information and industrial technology, ensuring robust risk assurance frameworks are in place.



Mr Bojosi Gaothuse

General Manager Transmission and Distribution

Mr Bojosi Gaothuse is a seasoned engineering professional and is currently the substantive Network Maintenance Manager and Acting General Manager Transmission and Distribution. He has extensive knowledge in maintenance strategies and is a strong construction driver with a wealth of experience spanning over 20 years. He has a demonstrated history of working in the Mining & Utilities industry covering electrical power system operations and maintenance, transmission and distribution infrastructure. Prior to joining BPC, Mr Gaothuse's career started at Botash after graduating from the University of Botswana and worked his way through the corporate ranking, ultimately transitioning into a fully-fledged engineer. He is skilled in AutoCAD, Electrical Engineering, Mechanical Engineering, maintenance and commissioning of boilers as well as flash smelting furnaces. He managed the Asset Management Improvement Programme at Botash, aimed at reducing maintenance costs to become globally competitive.



Mr Galebolae Otimile

General Manager – ICT

Mr Galebolae Otimile joined BPC as General Manager – Information and Communication Technology in June 2023. He oversees the Corporation's Digital Transformation strategy implementation, ensuring appropriate information systems are deployed and secure to leverage technology as the key driver to operational efficiency and support of business objectives. He has over 20 years of ICT experience having been with the Water Utilities Corporation as Head of ICT where he developed and implemented their Digital Transformation Strategy that led to key strategic technology implementations. He also made his footprints at the Botswana Meat Commission and the Government's Department of IT. Mr Otimile has a Master of Business Administration (Heriot-Watt University, UK) and BSc (Hons) in Information Systems (University of Leeds, UK). He is a certified professional in PRINCE2 (Practitioner), Digital Transformation – A Practical Strategy (GIBS, RSA), Information Security, ITIL, and COBIT. He is also member of the ISACA professional body.

Executive Management continued



Ms Annah Moncho

SHER Manager

Ms Annah Moncho joined BPC in 2014 as the SHER Manager responsible for the Generation Business Unit. In May 2017, she was appointed Corporate SHER Manager for the whole organisation. Ms Moncho has previously worked in various mining houses including Debswana, Gem Diamonds and African Copper, as well as managing her own consultancy firm. She has gained valuable experience in the field of Safety, Health, Environment & Risk and has successfully implemented best practice standards such as ISO 14001 and OHSAS 18001 in both green- and brownfield projects. Ms Moncho holds a Bachelor of Arts in Public Administration and Environmental Sciences from the University of Botswana and a postgraduate qualification in Enterprise Risk Management from the Botswana Accountancy College (BAC).



Mr Letumile Sandy Mosarwa

Marketing and Communication Manager (Acting)

Letumile Sandy Mosarwa is the Acting Marketing and Communications Manager at Botswana Power Corporation. He provides strategic leadership in internal and external communications, stakeholder engagement, brand management, and media relations. He also oversees the Corporate Social Investment (CSI) programme, ensuring initiatives align with BPC's corporate values and strategic objectives. Mr Mosarwa has close to 20 years of experience in strategic marketing, corporate communications, and reputation management, having worked across media, public institutions, and the parastatal sector.

He holds a Master of Science in Strategic Management (Distinction) from the University of Derby, United Kingdom, a Bachelor of Arts in Marketing Communication from the University of Johannesburg, South Africa.

Mr Mosarwa is a Chartered Public Relations Practitioner (CPRP) with the Public Relations Institute of Southern Africa (PRISA) and has completed professional certifications in Brand Management, Customer-Centric Strategy, Applied Digital Marketing, and Corporate Social Responsibility from leading South African universities.



Mr Letshego Moeng

Strategy and Transformation Manager

Mr Letshego Moeng joined BPC in 2020 as Strategy and Transformation Manager, responsible for facilitating the development and execution of the corporate strategy. Letshego previously worked for PEEPA, LEA, Deloitte and BURS. At PEEPA, he was involved in the establishment of the Botswana Energy Regulatory Authority, Electricity Tariff Review as well as the development of the strategy for private sector participation in the Electricity Supply Industry (ESI) and BPC. He brings a wealth of experience in sector reforms, privatisation and restructuring, strategy, project management, corporate governance, performance management, knowledge management, tax consulting, VAT audit and ICT (system development). He holds a Bachelor of Commerce in Business Systems Implementation and Electronic Commerce Management from Deakin University, Australia, and is a Chartered Management Accountant. He undertook a programme with the University of Cape Town Graduate School in Managing Power Reforms in Africa and a Senior Management Development Programme with the University of Stellenbosch Business School.



Ms Kusigani Mbambo

General Corporate Counsel

Kusigani Mbambo is the General Corporate Counsel. She is an accomplished attorney with thirteen (13) years of post-qualification experience spanning commercial litigation, alternative dispute resolution (arbitration and mediation), corporate governance, and corporate law. Her extensive legal background includes serving as General Counsel and Board Secretary at Botswana Railways. Prior to that, she worked with leading commercial law firms—Collins Newman & Co. (2007–2010) and Bookbinder Business Law (2012–2015). She later joined SPEDU as Legal Advisor and Board Secretary (2015–2016) before rejoining Bookbinder Business Law, where she held the position of Partner.

Kusigani's professional interests lie in alternative dispute resolution, corporate governance, and corporate law. She holds a Bachelor of Laws degree from the University of Botswana and a Master of Laws (LLM) from the University of the Pacific – McGeorge School of Law in Sacramento, California, obtained as a Fulbright Scholar in December 2011. She is admitted as an Attorney, Conveyancer, and Notary Public.



Generation Department	50
Transmission and Distribution Department	58
Asset Management and Care Department	62
Project Management Department	66
Finance Department	70
Human Resources Department	74
Marketing & Communication Department	82
Corporate Secretariat Department	88
SHER Department	90
Internal Audit Department	104
Information and Communication Technology Department	110
The Procurement and Oversight Department	112

PERFORMANCE REVIEW

DEPARTMENT GENERATION

The Generation Department operates the Corporation's electricity generation fleet for the provision of electrical energy. The specific day-to-day responsibilities include providing generation commitment plans to the Transmission & Distribution Department to guide the daily assessment of energy demand and supply balance. These responsibilities extend to providing information on the reliability-related status of generating units for long-term decision making to ensure security of supply.

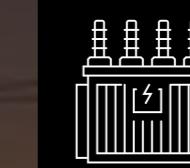
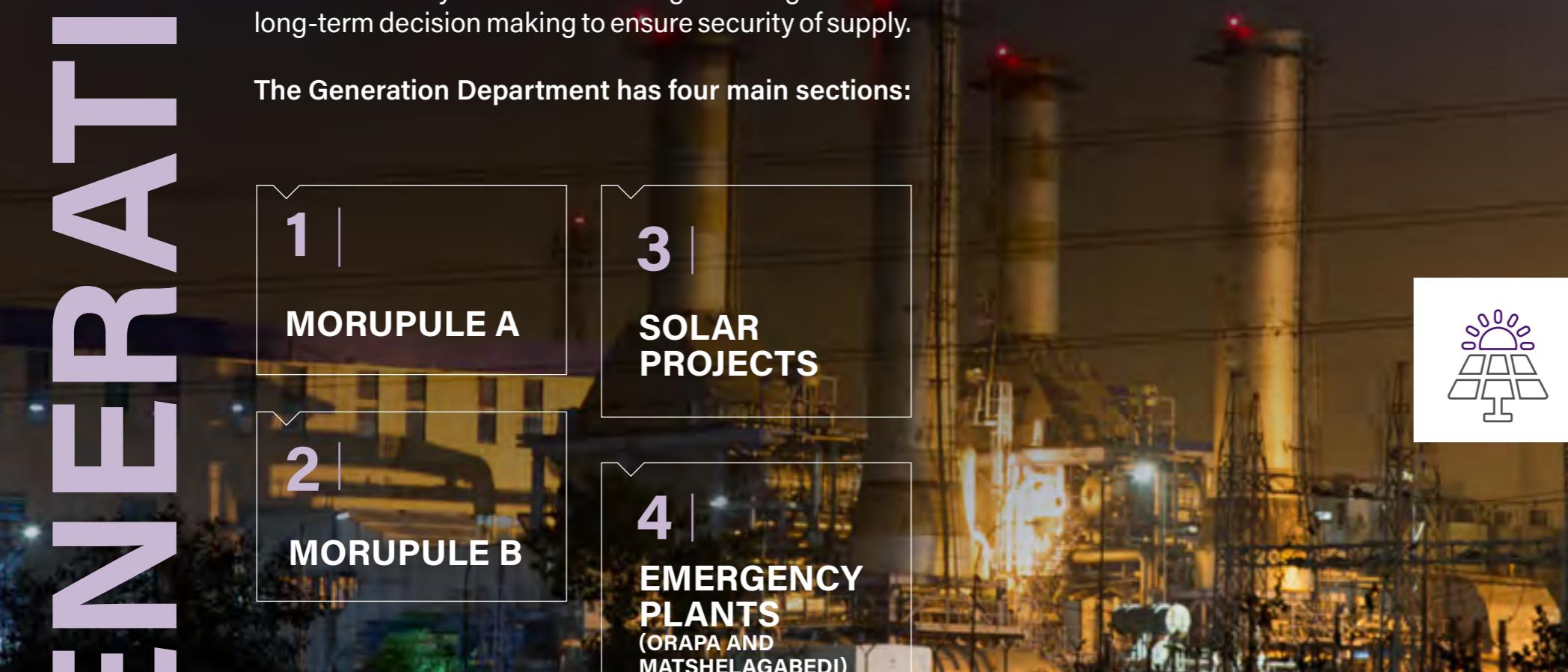
The Generation Department has four main sections:

1 | MORUPULE A

3 | SOLAR PROJECTS

2 | MORUPULE B

**4 | EMERGENCY PLANTS
(ORAPA AND MATSHELAGABEDI)**



In terms of input usage for the period under review, the plant utilised a total 453.6kt of raw water and 195.1kt of processed demineralised water.

In FY 2023/24, the Corporation achieved the commissioning of the Bobonong and Shakawe Small Scale Projects, with a total capacity of 4MW.



Generation Department continued



MORUPULE A

The plant performance for FY 2023/24 was satisfactory considering the projected performance limits. There was a slight shortfall of (1)% of total generation compared to the target. A summary of the operational Key Performance Indicators (KPIs) for the year is presented in Annexure 1.

Production: The plant dispatch was at 463.31 GWh against a plan of 470.00 GWh. This translates to 99% conformance to the plan for the period under review.

In terms of input usage for the period under review, the plant utilised a total 453.6kt of raw water and 195.1kt of processed demineralised water. The demineralised water amounted to 0.44m³ per MWh sent out. Total burnt coal was at 375.7kt, and the average coal consumption per MWh sent out was 0.80 tons against a forecast of 0.86T/MWh. The station consumed a total of 6470.0 tons of Heavy Fuel Oil against a target of 9652.21 tons.

Plant Energy Availability: The plant energy availability factor (EAF) for the period under review was 60.04% against a target of 62.34% for a refurbished gross availability factor of 85MW. Notably, plant uptime was at 88.62% against a target of 71.61%. The plant EAF was affected by intermittent load losses and partial loading, particularly Unit 1&2 SDCC defects and unit governor valves.

Plant Planned Capability Loss Factor: The planned capability loss factor (PCLF) for the year was 13.07% against a target of 32.05%. This was mainly due to the deferment of Unit 2&4 short outages.

Figure 6: MAPS Energy Production



tube leaks), which contributed to the equivalence of 1 unit being out for 40 days. Prolonged Unit 1 statutory outages contributed to 64 days in excess. The trends for the EAF, UCLF and PCLF are presented in Figure 7.

Plant Unplanned Capability Loss Factor:

The unplanned capability loss factor (UCLF) was 26.89% against a target of 5.61%. This reflects a higher UCLF than planned, with the major contributor being boiler equipment restrictions (governor defects and

Figure 7: Key Performance Indicators

Morupule A Key Performance Indicators FY2023/24



Generation Department continued



PRODUCTION:

THE PLANT DISPATCH WAS

2,405 GWh
AGAINST THE PLANNED
2,845 GWh

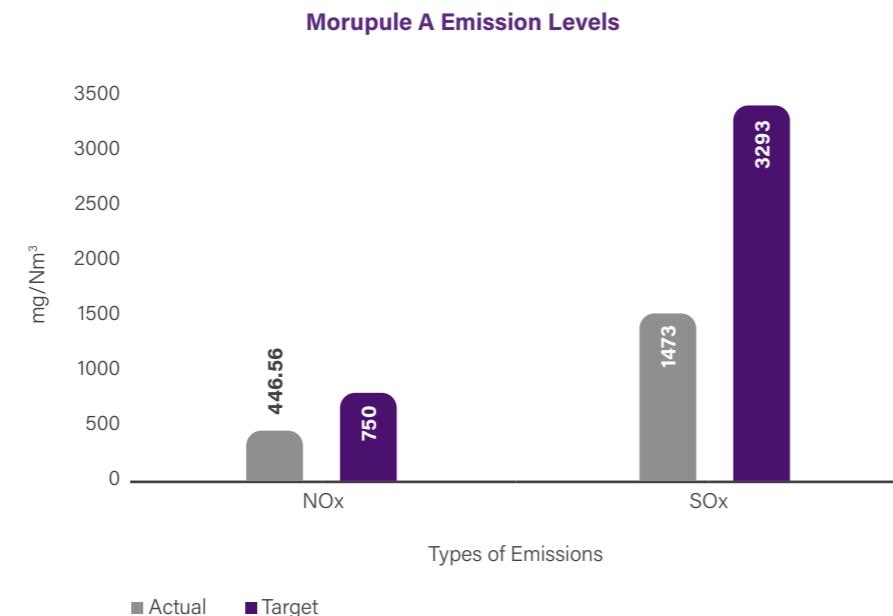
WHICH TRANSLATES TO
A NEGATIVE
15%
VARIANCE ON THE
DISPATCH PLAN

Emissions: The level of NOx was 446.56mg/Nm³ vs a limit of >750 mg/Nm³, which was, on average, within the limit. The SOx level, at 1473mg/Nm³ against a limit of 3293 mg/Nm³, was relatively within the limit, considering the inability to inject sulphur inhibitor (sodium bicarbonate) at the time because of a global shortage. Figure 8 provides an average level of emissions for both SO₂ and NOx.

Maintenance Compliance: Preventative maintenance that includes condition monitoring, cyclic maintenance and risk-based inspection is done in accordance with OEM manuals and best practice recommendations. Compliance for the period under review was at 82.92% above the set target of 80%.

Plant Efficiency: The average plant efficiency was 22.64% against a target of 25.49%. Plant efficiency was high due to increased usage, with efforts to utilise the strategic stockpile of old coal from the stockyard. Another contributory factor was the usage of HFO for combustion support during coal firing

Figure 8: MAPS Emissions



system problems. Mill availability is being improved: Units 2&3 availability is 100%, and efforts to normalise Units 1&4 are in progress, with mill spares expected by the end of June 2024.

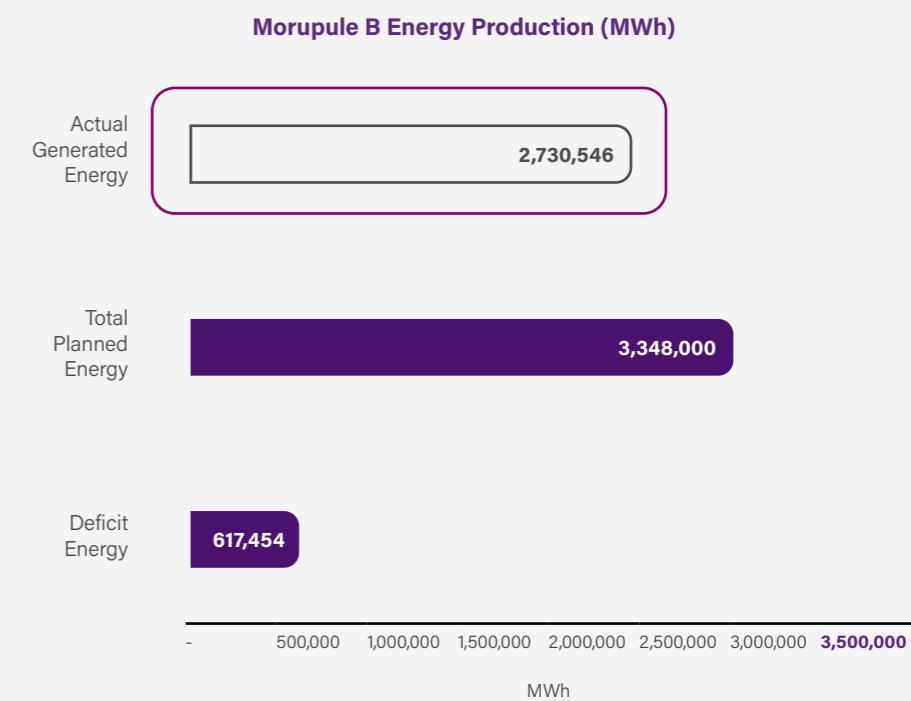
MORUPULE B

The plant performance for FY 2023/24 declined compared to the previous financial year, with an energy availability factor (EAF) of 52.23% against a target of 64%. All four units were available for production following the successful completion of remedial works on Unit 4 in the previous financial year.

Production: The plant dispatch was 2,405 GWh against the planned 2,845 GWh, which translates to a negative 19% variance on the dispatch plan. Reasons for the negative variance were that fewer units were available during the year than per the production plan, due to forced outages.

In terms of input usage for the period under review, total raw water used was 1,559,495m³, while processed demineralised water utilisation was 354,984m³. Demineralised water usage amounted to 0.16m³ per MWh sent out. Total burnt coal was 1,256,051 tons and 45,289 tons of limestone were used for SO₂ emissions control. The average coal consumption per MWh sent out was 0.54 tons, in line with the forecast. Figure 9 shows the plant production performance.

Figure 9: Energy Generated vs Target Generation



Generation Department continued

Plant Availability: The EAF for the period under review was 52.23% against a target of 64%, for a gross capacity of 600MW. The plant uptime was 60.48% against a target of 64%. The negative variance in plant uptime against planned plant availability is attributed to forced outages experienced during FY 2023/24 (see Figure 10).

Plant Outages: The planned capability loss factor (PCLF) for the year averaged 17.64%, with contributing factors including Unit 1, 2 and 3 annual overhauls that took place from February to November 2023. The unplanned capability loss factor (UCLF) was 30.15%, the highest contributor being Units 2&3 boiler fluidised bed heat exchanger (FBHE) tube leaks.

Emissions: At 590.70 mg/Nm³, SO₂ emissions for FY 2023/24 were above set limits, with the reliability of the limestone and ash handling system contributing to the high levels. This, nevertheless, represents a welcome improvement from FY2022/23, when SO₂ emissions averaged 722.4 mg/Nm³. Emissions of particulate matter (dust) were below set limits, averaging 42.26 mg/Nm³. Measures to upgrade the limestone and ash handling systems have been put in place to ensure environmental compliance. NOx emissions were within target during the year under review. Figure 11 shows the plant environmental compliance levels.

Figure 10: Morupule B KPIs

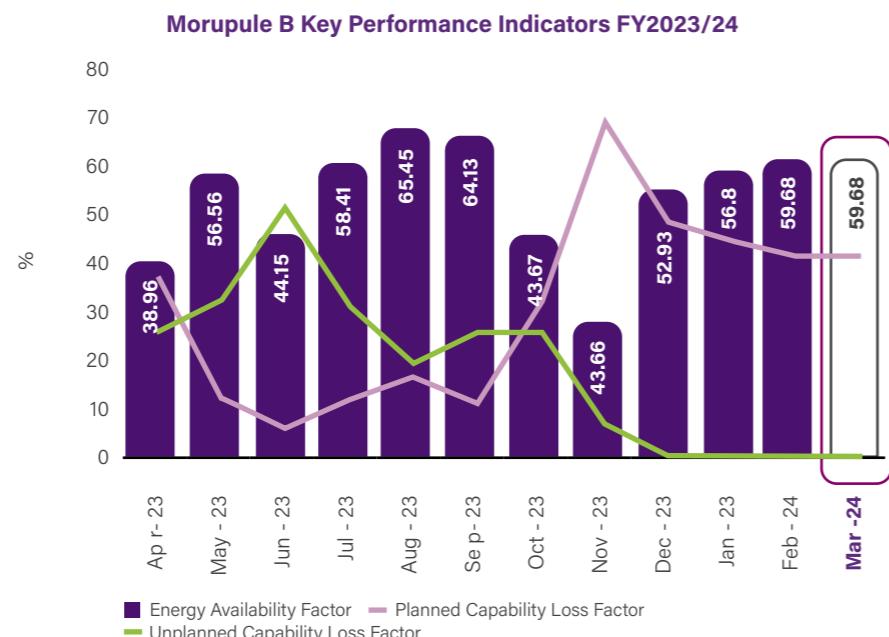
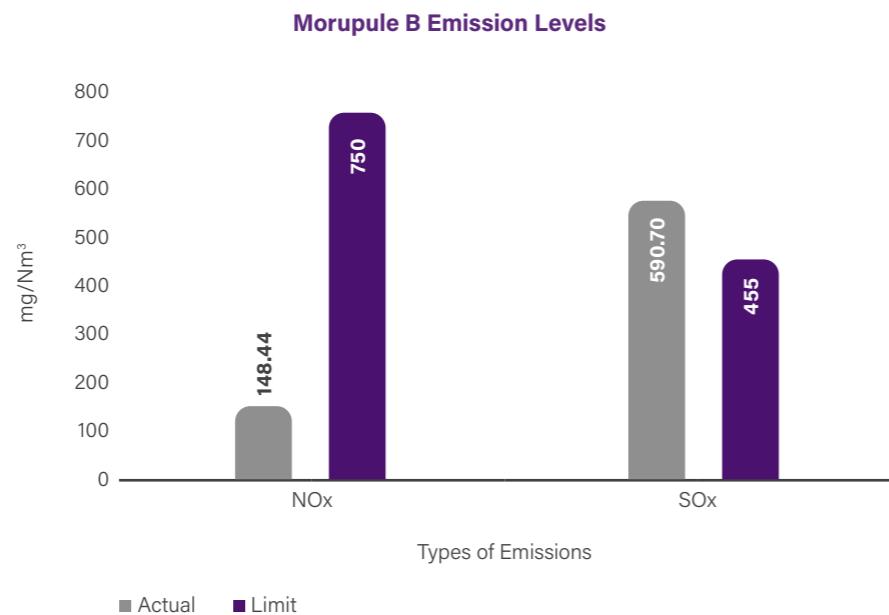


Figure 11: MBPS Environmental Compliance



Maintenance Compliance:

Preventative maintenance, including condition monitoring, cyclic maintenance and risk-based inspection, is conducted in accordance with OEM manuals and best industry practice. Compliance during the period under review was 66% against a set target of 80%.

Plant Efficiency: The average plant efficiency was at 30.89% against a target of 30.95%, which is within the tolerance limits.

Remediation Project

Implementation of the remedial works to enhance the availability and reliability of Morupule B units was completed on the first unit (Unit 4) in September 2022. Unit 4 is on a two-year defects notification period, expiring in September 2024. Continuation of the remedial works on the three remaining units was temporarily put on hold to address challenges encountered with pressure part failures on Unit 4. Having found a way forward on the challenges encountered, the remedial works were scheduled to resume site implementation on the second unit on 1st June 2024, with plans to complete the last (fourth) unit in July 2027. Some of the design reviews and procurement of equipment manufacturing for the second unit remedial works began during the last quarter of FY 2023/24.

In FY 2023/24, the Corporation achieved the commissioning of the Bobonong and Shakawe Small Scale Projects, with a total capacity of 4MW. The Corporation reached financial close for the first 50MW Solar PV Project located at Mmadiinare during the year. The successful accomplishment of this milestone has paved the way for the commencement of construction works of the country's first utility-scale solar project, which is expected to reach commercial operation in the next financial year.

During the year, the Corporation awarded 10 grid-tied small-scale solar PV projects and two utility-scale grid-connected solar PV projects with a total capacity of 34MW. The 10 grid-tied solar projects will be constructed in different locations close to demand centres. The Jwaneng 100MW Utility Scale Solar PV Project, as well as the Mmadiinare 50MW Phase 2 Solar Project, are expected to reach financial close in the next financial year.

Through the Rooftop Solar Programme, the Corporation has thus far commissioned 10MW, and the Rooftop Guidelines are still being reviewed by the Ministry to allow for more capacity.

EMERGENCY PLANTS

The Orapa and Matshelagabedi emergency plants generated a total of 57.69 GWh and 43.73 GWh, respectively, making a total of 101.42 GWh for the year. This represents an increase of 33.26 GWh compared to the previous financial year, due to reduced production from coal-generating plants.

SOLAR PROJECTS

The Corporation has continued to implement renewable energy projects aimed at reducing Botswana's carbon footprint and to support the country in achieving its commitment to reduce coal emissions.



TRANSMISSION AND DISTRIBUTION

DEPARTMENT

The Transmission and Distribution Department oversees the development, operation, and maintenance of the transmission and distribution network assets to ensure the reliable delivery of electricity to consumers. The department sources bulk electricity from the Generation Department, the Southern African Power Pool (SAPP) Energy Market, and through bilateral contracts with neighbouring countries to meet national power demand. Certain border villages that are not connected to the BPC's transmission grid receive electricity through cross-border connections from neighbouring countries.

Key Performance Indicators:

- SAIFI (System Average Interruption Frequency Index):
Target 0.25, Actual 0.06
- SAIDI (System Average Interruption Duration Index):
Target 10, Actual 9.06

The Transmission and Distribution Department consists of three sections, namely:

1
NETWORK OPERATIONS

2
NETWORK SERVICES AND SUPPLY

3
CUSTOMER SERVICE



CUSTOMER CARE:

29 WORK CENTRES
AND A NATIONAL
CONTACT CENTRE.



The new customer connections are solely undertaken by citizen-owned contractors pre-qualified by BPC under its distribution contractors' programme.

Transmission and Distribution Department continued

NETWORK OPERATIONS AND MAINTENANCE:

Primary Mandate: Implement planned maintenance to ensure optimal system availability and reliability, ensuring safety as per the BPC SHER policy and Electrical and Mechanical Safety rules.

SUB-SECTIONS:

Field Operations:

- Follow the annual maintenance plan by Asset Management and Care (AMC).
- Submit reports for analysis and consolidation by AMC.
- Tasks include servitude maintenance, vegetation management, inspection of power lines of 132kV to 400kV, monthly substation inspections, and level 1 maintenance for transformers, reactors, circuit breakers and indoor 11kV switchgear.

National Control Room Operations:

- Operate via the SCADA system for real-time monitoring and control.
- Responsibilities include continuous system monitoring, switching for maintenance, monitoring interconnectors for trading schedule adherence, and coordinating safe operations.

NETWORK SERVICES AND SUPPLY (NSS):

Focus: Address distribution network technical issues, enhance network performance, customer experience, and reliability.

Regions: Gaborone Inner, Gaborone Outer, Central, and North.

Tasks: Execute new customer connections for capacities of 1MVA and below.

Goal: Improve network reliability and customer service through reorganisation, process development, capacity building, and adoption of best practices.

CUSTOMER SERVICE:

Roles: Handle customer connection requests, fault reporting, complaints, and overall customer experience.

Infrastructure: 29 work centres and a national Contact Centre.

Strategic Objective: Achieve excellent customer experience under the Maduo26 Strategy, focusing on Turn Around Times (TAT) for system performance and customer connections.

SYSTEM PERFORMANCE:

Fault Targets:

Distribution HV faults: Target 100 mins, Actual 130.9 mins

Distribution LV faults: Target 90 mins, Actual 70.5 mins

Connection TAT:

Direct Service: Target 50 days, Actual 62.9 days

Capital: Target 55 days, Actual 76.3 days

Commercial: Target 70 days, Actual 102 days

New Household Connections:

- Achieved 18,216 against a target of 21,500, improving from the previous year's 56%.

The Distribution HV faults target was not met mainly due to some major system defects, Road Traffic Accidents (RTAs) and vandalism of service cables. The TATs for connections were not achieved for the year under review due to intermittent availability of connection materials and customers who were not ready for connections. The new customer connections are solely undertaken by citizen-owned contractors pre-qualified by BPC under its distribution contractors' programme.

70 Days
ACTUAL: 102 DAYS

COMMERCIAL TARGET

CONTACT CENTRE:

Focus: Receives and resolves customer queries

Channels: Toll-free line, WhatsApp, Webchat, Email, USSD, social media, and BPC Chatbot.

Performance:

Voice interactions: 60% service level, a decline from the 75% target.

Non-voice interactions: 98% service level, surpassing the 95% target.

Improvements: 12% overall improvement in accessibility for both calls and non-voice interactions compared to the previous year, despite a spike in call volumes due to heavy rains causing increased faults in Q3 and Q4.

Figure 12: Service Level-Voice Interactions

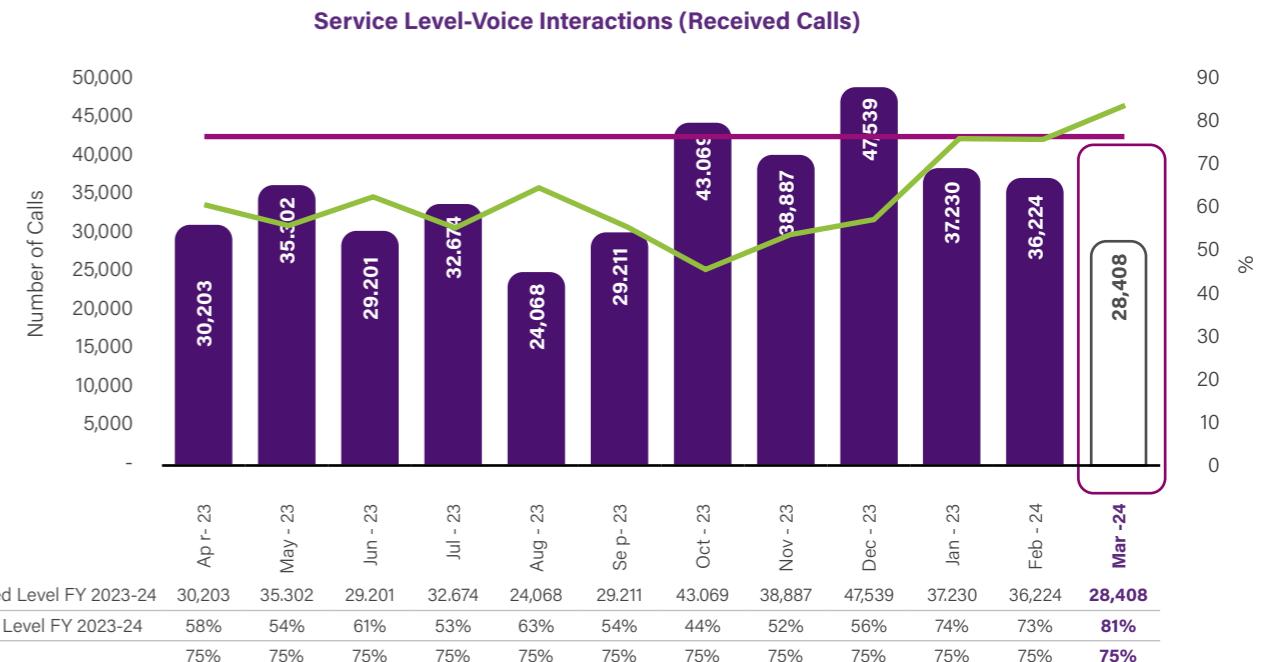
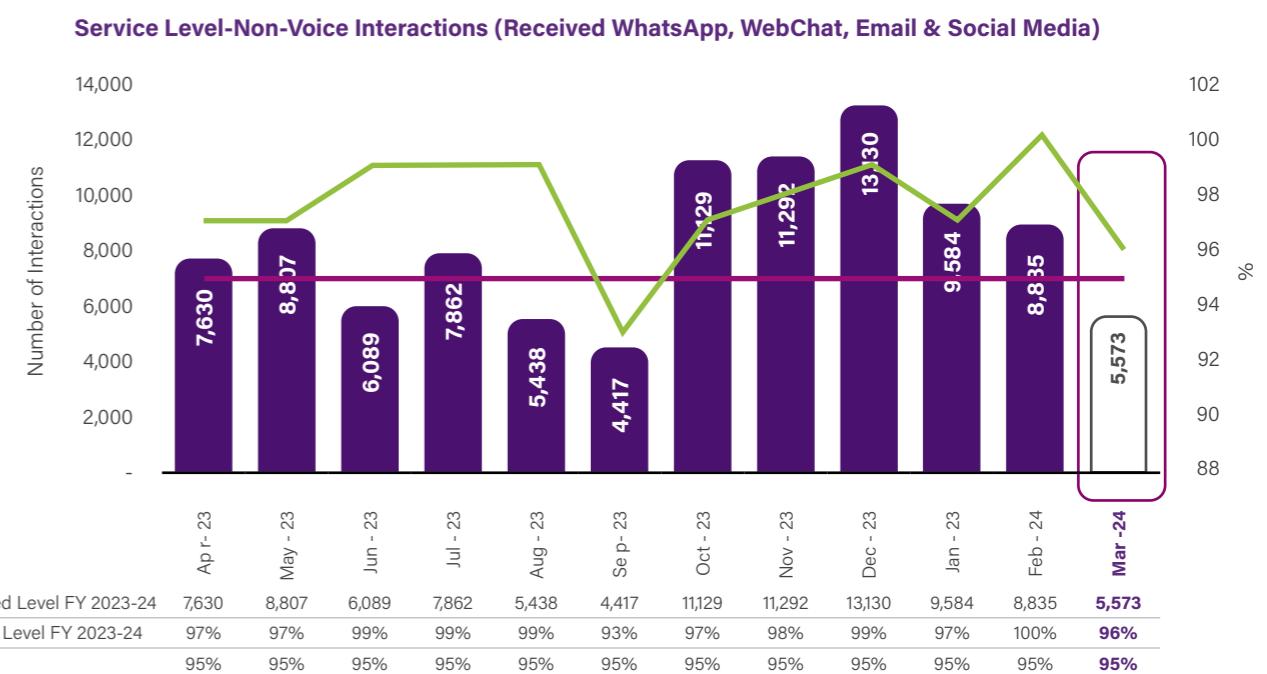


Figure 13: Service Level-Non-Voice Interactions



ASSET MANAGEMENT AND CARE

DEPARTMENT

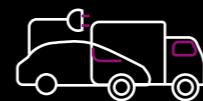
The Asset Management and Care Department oversees the planning, acquisition and maintenance of the Corporation's infrastructure assets across Generation, Transmission, Distribution, Fleet and Property — focusing on optimising asset reliability to ensure sustainable service delivery and long-term operational resilience.



The department houses linear asset maintenance, engineering, energy trading, and facilities & fleet management sections.

MAINTENANCE:

THE PREVENTIVE MAINTENANCE RATIO IMPROVED FROM 14:86 TO **78:22**, NEARING THE INDUSTRY BEST PRACTICE OF 80:20, CONTRIBUTING TO COST REDUCTION.



DURING THE REPORTING PERIOD **113 NEW** VEHICLES WERE ADDED TO THE FLEET

Asset Management and Care Department continued

Key Functions:

- Linear Asset Maintenance:** The section oversees the major maintenance and lifecycle management of transmission and distribution assets, ensuring optimal equipment performance and timely replacements.

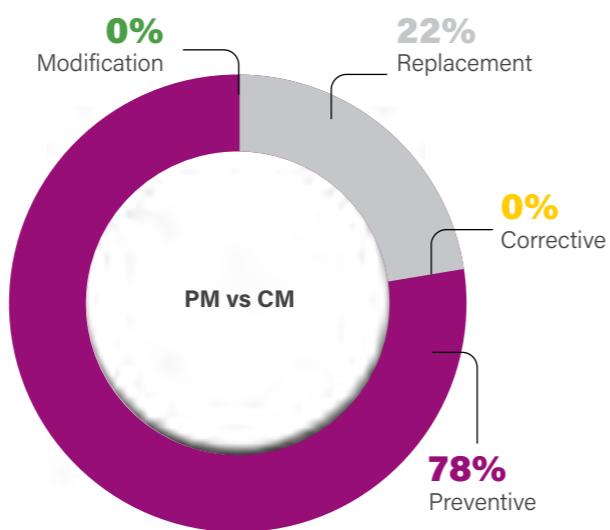
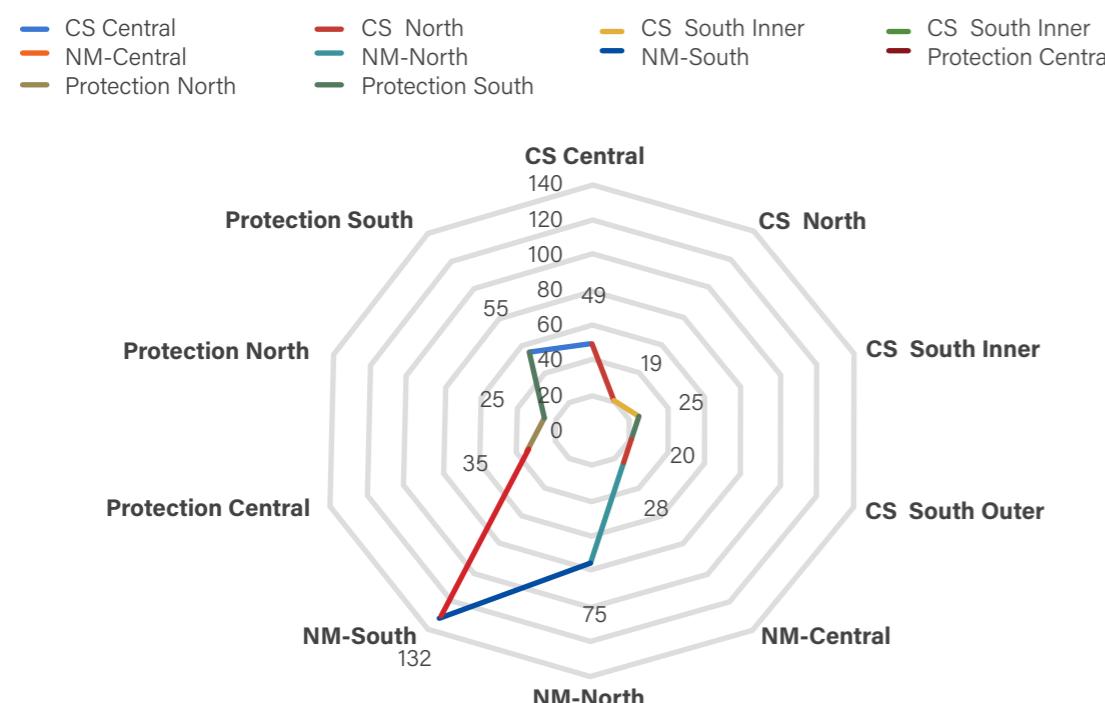
The preventive maintenance ratio improved from 14:86 to 78:22, nearing the industry best practice of 80:20, contributing to cost reduction. Defect distribution analysis informs strategic asset replacement and refurbishment, with government funding through the Ministry of Minerals and Energy secured for infrastructure upgrades to cater for network growth and management of obsolete equipment.

- Engineering and Technical Services:** The scope of the department includes telecommunications, metering, control systems, and energy trading. It provides sustainable engineering solutions through failure mode analysis and root cause analysis (RCA) to prevent recurrence.

- Asset Reliability:** The Mean Time Between Failures (MTBF) improved to an average of 550 hours (~22 days) by year-end, up significantly from the previous year's rolling average of 12 days. In Quarter 4, the MTBF for MBPS reached 42 days, attributable to the performance of the remediated unit. The annual Mean Time To Repair (MTTR) averaged ~27 days at MBPS and ~5 days at MAPS. Outage maintenance strategies and long-term service level agreements are being put in place to improve MTTR. SCADA system availability remains at 99.6%, supported by an OEM hotline for faster issue resolution. Network reliability exceeded performance targets, with a System Average Interruption Frequency Index (SAIFI) of 0.01 against a 0.25 target.

- Enterprise Asset Management:** The EAM system went live as of year-end, integrating modules for Plant Preventive Maintenance (PM), Safety, Health & Environment (SHE), and Materials Management (MM), marking a significant digital transformation Asset Management milestone.

Figure 15: Defects Spread Per Region



ASSET RELIABILITY

The Mean Time Between Failures (MTBF) improved to an average of **550 hours**

TOTAL ENERGY

Total energy dispatched to meet demand for 2023/24 was **4,773 GWh**

- Energy Trading:** Total energy dispatched to meet demand for 2023/24 was 4,773 GWh - 63% from internal generation and 37% from power imports. Internal generation declined by 10% due to plant reliability issues in Quarters 2 and 3. Despite this, 220 GWh was sold in off-peak periods to the Southern African Power Pool (SAPP).

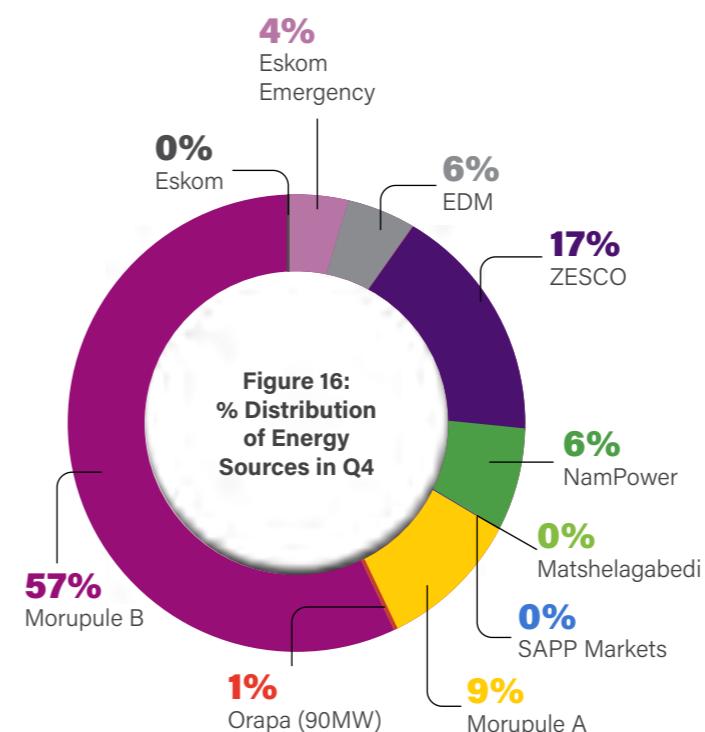
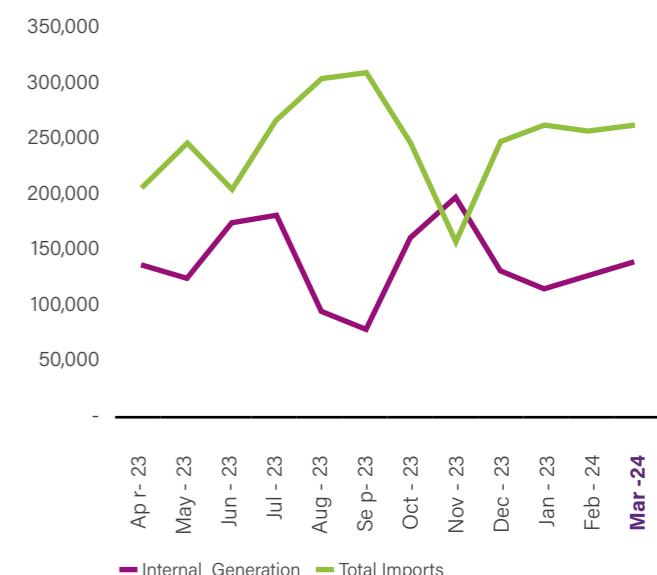


Figure 17: Power Imports Trend

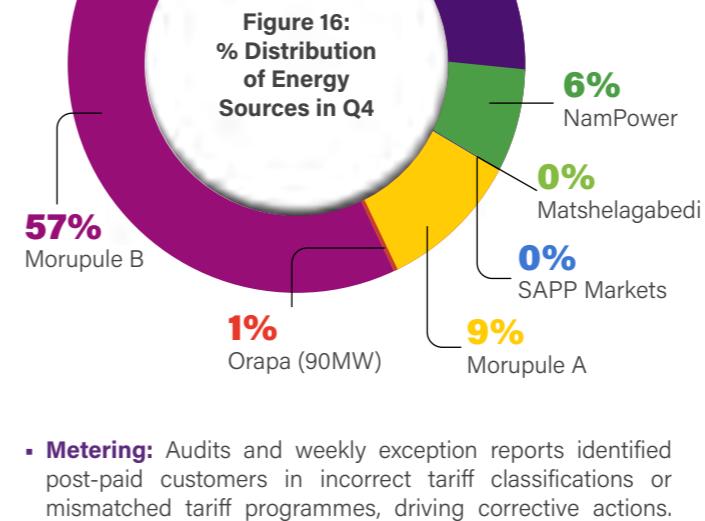
Power Imports Trend



- Facilities and Fleet Management:** During the reporting period 113 new vehicles were added to the fleet. While not fully addressing replacement needs for ageing units, it represents a significant upgrade in fleet capacity and has significantly improved operations and maintenance across the Corporation's generation, transmission and distribution spheres.

Figure 18: Fleet Health

Fleet Health Status



- Metering:** Audits and weekly exception reports identified post-paid customers in incorrect tariff classifications or mismatched tariff programmes, driving corrective actions. Future priorities include implementing a high-precision Advanced Metering Infrastructure (AMI) to accommodate shifting demand patterns as more variable renewable energy sources are integrated.

PROJECT MANAGEMENT

DEPARTMENT

The Project Management Department is responsible for the acquisition and development of assets for the Corporation, as well as for overseeing project execution. Its functions encompass Engineering Planning and Design, Transmission Capital Projects, Distribution Capital Projects, and the Project Management Office (PMO).



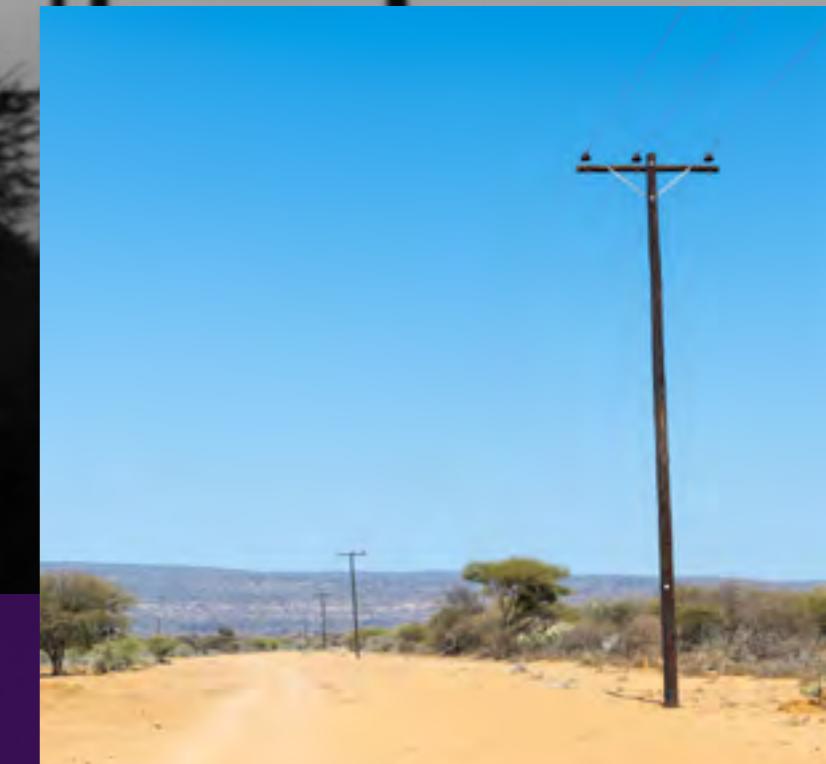
INFRASTRUCTURE:

66 RURAL

ELECTRIFICATION PROJECTS WERE
SUCCESSFULLY COMPLETED BY THE
END OF THE YEAR.



The department has rapidly progressed to ensure projects are delivered on time, within budget, and to the required quality standards.



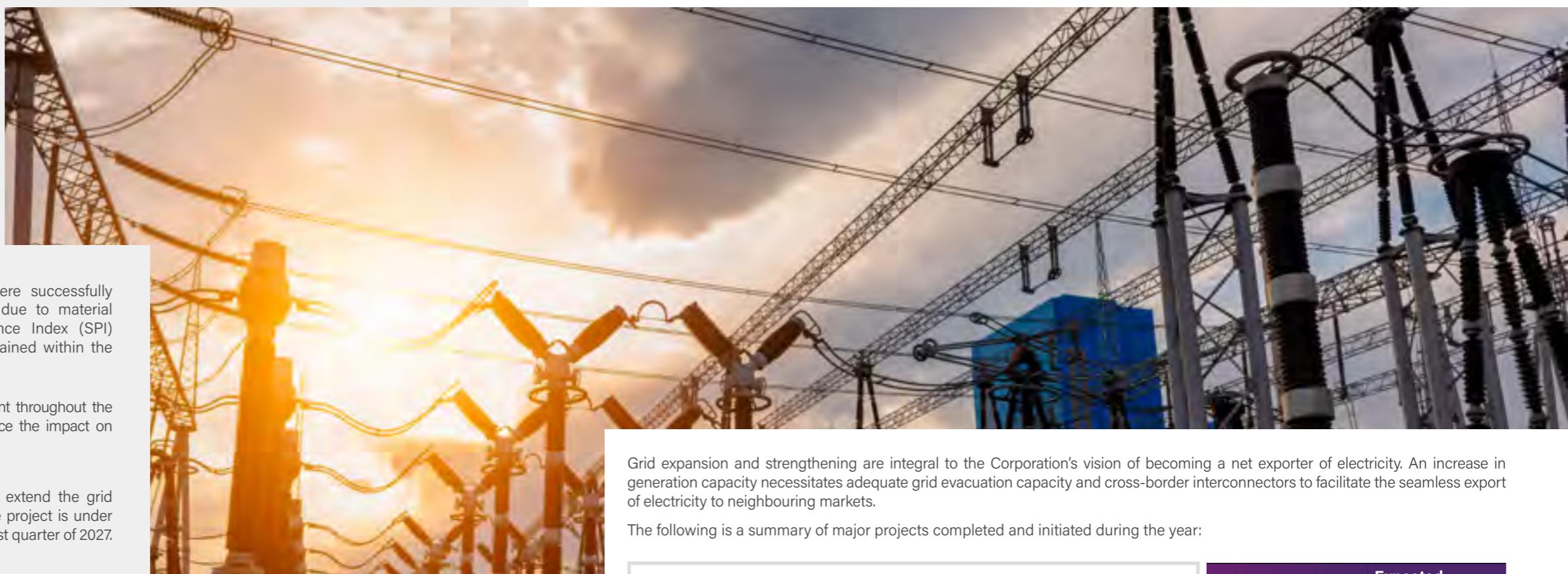
Project Management Department continued

Established just two years ago, the department has rapidly progressed to ensure projects are delivered on time, within budget, and to the required quality standards.

During the period under review, several externally and internally funded projects were completed, initiated, or continued from the previous financial year.

These include major transmission infrastructure projects such as the Northwest Transmission Grid Project Phase 2, the Jindal Energy Mmamabula 600MW coal-fired plant, and other key projects funded by the World Bank, specifically the Renewable Energy Support and Access Accelerator Project (RESA).

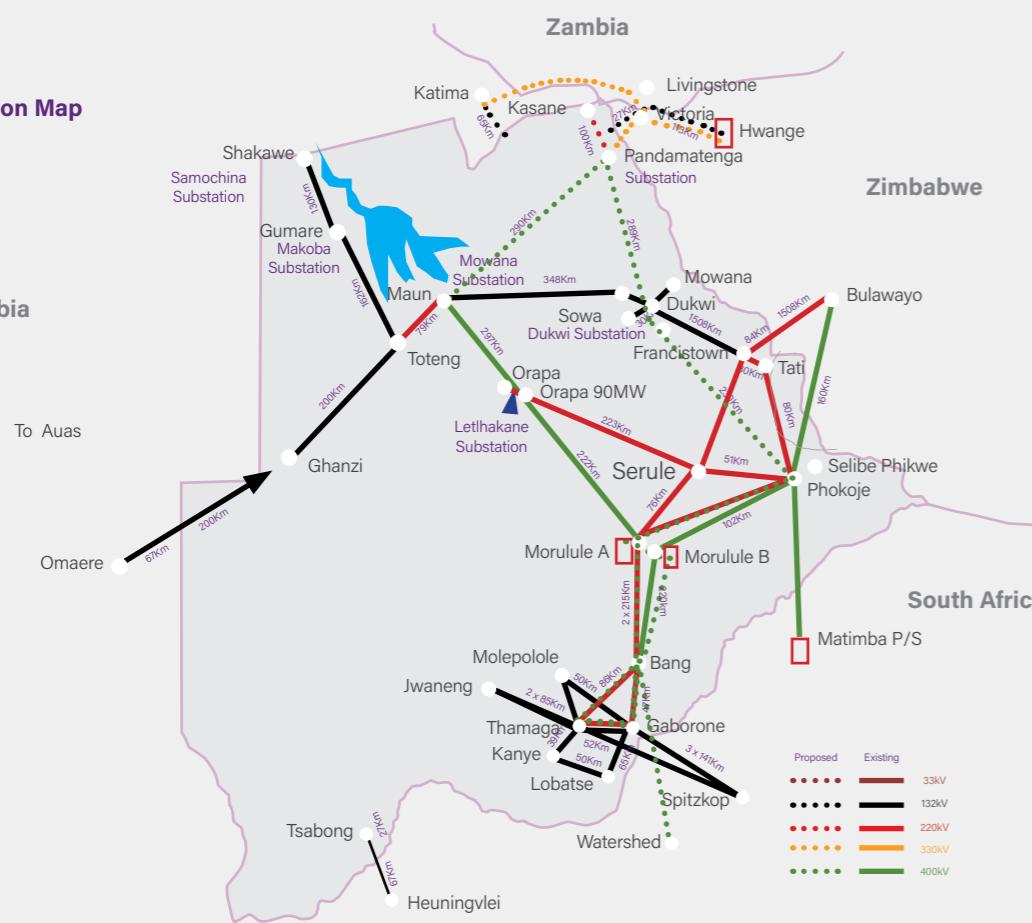
- 1** Notably, all 66 village rural electrification projects were successfully completed by the end of the year. However, delays due to material unavailability impacted both the Schedule Performance Index (SPI) and Cost Performance Index (CPI), although these remained within the allocated contingencies.
- 2** Wayleave risks and material availability issues were prevalent throughout the year. Mitigation measures have been implemented to reduce the impact on project performance.
- 3** The Northwest Phase 2 grid expansion project aims to extend the grid from Phokoje Substation in Selebi-Phikwe to Kasane. The project is under procurement and is expected to be commissioned in the first quarter of 2027.



Grid expansion and strengthening are integral to the Corporation's vision of becoming a net exporter of electricity. An increase in generation capacity necessitates adequate grid evacuation capacity and cross-border interconnectors to facilitate the seamless export of electricity to neighbouring markets.

The following is a summary of major projects completed and initiated during the year:

Grid Expansion Map



Project Description	Status	Expected Completion Date
66 Villages rural electrification	100% complete	March 2024
Kgatleng river villages - transfer to national grid	100% complete	February 2024
Borolong villages - transfer to national grid	100% complete	
Ghanzi - transfer to national grid	100% complete	
Shakawe - transfer to national grid	100% complete	
Seronga - transfer to national grid	100% complete	
Lucara - Karowe Diamond Mine substation and supply	100% complete	
Tshukudu Metals - 220kV SUPPLY from the Legothwane - Gantsi 220kV line	100% complete	
33 villages electrification	In progress	August 2024
Charleshill substation - transfer to national grid	Under Procurement	December 2025
Kgalagadi South Transmission Backbone Project	Under Procurement	Quarter 1:2027
Northwest Transmission Grid Project Phase 2	Under Procurement	Quarter 1:2027

DEPARTMENT



The Finance Department provides prudent financial management services and a sound financial control environment. The Department is made up of the following sections:

1 | **REVENUE MANAGEMENT & CREDIT CONTROL**

4 | **ACCOUNTS PAYABLES & TAXES**

2 | **FINANCIAL ACCOUNTING & TREASURY**

5 | **FINANCE PROJECTS**

3 | **FINANCIAL PLANNING & CONTROL**

6 | **SUPPLY CHAIN MANAGEMENT**

7 | **SECURITY OPERATIONS**

FINANCIAL PLANNING:

THE CORPORATION'S BUDGETING PROCESS IS BASED ON A HIGHLY INTERACTIVE **Zero-Based BUDGETING** METHOD



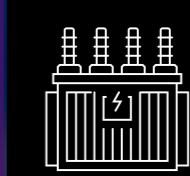
DURING THE YEAR, BPC WENT ON A ROADSHOW TO RAISE

P1.722 billion

IN DEBT TO RESTRUCTURE THE BALANCE SHEET AND FINANCE THE PROCUREMENT OF CRITICAL SPARES.



Through the identified initiatives, the Corporation managed to keep debtor days within 60 days at 55 days compared to 42 days in 2023



Finance Department continued

REVENUE MANAGEMENT AND CREDIT CONTROL

This section optimises revenue collection, manages and maintains customer accounts and undertakes revenue protection initiatives to manage revenue. The customer base is categorised into Domestic, Mining, Commercial and Government.

The Corporation's financial strategy aims to improve its liquidity, fund the increase in assets, and meet financial obligations as they fall due. In that regard, effective measures were put in place, which included the dedication of credit control resources to customers with similar risk profiles. Financial losses from defaults were limited by obtaining enough collateral, continuously monitoring the debtors, and disconnecting in cases where the credit risk is assessed to be high on defaulting customers. Through the identified initiatives, the Corporation managed to keep debtor days within 60 days at 55 days compared to 35 days in 2023.

FINANCIAL ACCOUNTING AND TREASURY

This section provides external financial reporting and treasury services to the Corporation. Financial reporting follows the International Financial Reporting Standards (IFRS). It is also responsible for producing the Annual Report. In addition, this section oversees cash flow management, mitigation of financial risks, and asset and liability management. Owing to the significant transactions denominated in foreign currencies, there is a high exposure to exchange rate fluctuations. These risks are periodically assessed, and appropriate mitigating measures are implemented.

A major risk facing the Botswana Power Corporation is the inability to access an alternative funding source. To mitigate this risk, the Corporation recognised that acquiring a credit rating was a possible way of making the Corporation attractive to corporate lenders. According to Moody's Investor Services, BPC's current credit rating is Baa3 with a stable condition. This is an investment-grade rating, which portrays the Corporation as a viable business worthy of investment.

During the year, BPC went on a roadshow to raise P1.722 billion in debt to restructure the balance sheet and finance the procurement of critical spares. The project was at an advanced stage at year-end.

As part of driving the Maduo26 strategy, the department continually capacitates its team through training and enhancing financial markets and reporting skills to keep up with the changing world.

FINANCIAL PLANNING AND CONTROL

This section provides the business with financial planning services and financial control functions and coordinates the budgeting process. It also provides financial analysis to Executive Management for effective and timely decision-making.

The Corporation's budgeting process is based on a highly interactive Zero-Based Budgeting method. The Operating Expenditure Budget and the Capital Expenditure Budget originated from the line departments, which are responsible for initiating activities for the planned period. This section is responsible for consolidating and moderating the budgets. Ultimately, the Chief Executive Officer and the Executive Committee ensure that the budget reflects the Corporation's strategy and is also within the capability of the Corporation to resource it. Once assured that the budget reflects the priorities for the year and the ambitious targets to be achieved during the year, it is submitted to the Board of Finance and Investment Committee for further examination and recommendation to the Board for approval. Upon approval, budget implementation guidelines are issued to all departments.

During this year, the section continued its management advisory role and lodged a tariff application with the regulator.

PROJECTS

The Corporation is engaged in several flagship Generation and Transmission capital projects funded internally and through the Government. The Projects section negotiates with contractors, manages financing, and reports to all stakeholders. The section also provides financial advisory and support services to all the technical teams implementing these projects.

Another function is the management of Consumer Financed Projects and processing claims for electricity connection shortfalls under the National Electrification Standard Cost (NESC) scheme. The amount claimable by the Corporation from the National Electrification Fund (NEF) is the difference between the standard charge of P5,000/P2,500 borne by the customer and the actual cost incurred by BPC in connecting the customers. This Fund was established from 10 Thebe levied on customers for every kWh billed. In turn, the Corporation collects and credits the levy to the NEF.

During this year, the section continued its project finance and reporting role and acted as the liaison between implementation and financing, mainly from the Government.

Digital transformation strategy is embedded within Maduo26.

ACCOUNTS PAYABLES AND TAXES

This section runs the Corporation's centralised payment system to meet all financial obligations. It is also responsible for tax compliance and has an advisory role.

As BPC grappled with cash flow challenges, this section played a critical role in stakeholder management by engaging suppliers and prioritising payments to critical suppliers.

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management section is tasked with acquiring goods and services. It guides activities from procuring materials and finished goods to ensuring delivery at the right time to reach the end-consumer.

During the year, the section's primary activities were as follows:

- Implementing the new Public Procurement Act together with its regulations
- Alignment to government policy initiatives as may be pronounced, such as reservation and price preference for citizen-owned companies, as well as locally produced goods and services.
- To improve operational efficiencies and accountability, and to enhance the procurement processes of the Corporation.

SECURITY OPERATIONS

This section's role is to protect the Corporation's assets by identifying risk and implementing security countermeasures to curb losses. This includes driving compliance through investigations of policy breaches, controlling the movement of people, corporate assets (goods and machinery), surveillance management, people security, security risk management, and developing a security culture by sensitising staff on security protocols and ownership of security.

- Collaborated with law enforcement agencies to develop strategies to combat crime as well as to create a platform for information sharing.

The Department continues to undergo investigations undertaken to curb non-compliance.

The Corporation continues to strengthen partnerships with local law enforcement agencies to support its security mission. This support is provided through collaborative engagements, joint operations, and incident response.

Challenges

- The prevalence of theft and vandalism on the network results in revenue leakage.
- Non-technical losses were experienced due to the meter fraud and related incidents.
- Security Systems Optimisation – Most of the available security systems are not fully optimised.

Achievements

- There were sensitisation campaigns for staff and contractors to raise awareness of security protocols.
- An awareness session on whistleblowing was shared to promote a culture of reporting and curb malicious reporting.

DEPARTMENT HUMAN RESOURCES

The Human Resources Department (HR) provides inclusive policy direction on human resource management issues, talent management, succession planning, and administrative support functions related to employee management for all departments. The Department is a strategic business partner that provides human resources programmes that attract, develop, retain, and engage a skilled and diverse workforce.



CONSULTATIONS:

A TOTAL OF
2772 EMPLOYEES/
 PATIENTS WERE CONSULTED,
 AND 86 OF THEM WERE SEEN BY
 THE CONTRACTED BPC MEDICAL
 DOCTOR.

117 NEW POSITIONS
 WERE FILLED, AMONG WHOM
 THE MAJORITY WERE FROM THE
 TECHNICAL CADRES.



The Department is made up of the following sections:

1 | LEARNING AND DEVELOPMENT:

The Section exists primarily to upskill and develop human capital for the Corporation. The Section is responsible for capacity building and development of the Corporation's technical and non-technical cadres by ensuring that employees have the necessary skills and competencies required for their roles in pursuance of the strategic agenda of the Corporation. The section also creates opportunities for the nurturing of graduate trainees and interns.

2 | ORGANISATIONAL DEVELOPMENT:

This section enhances individual and organisational performance. It takes a lead role in designing and delivering organisational development strategies, which include talent management, succession planning, and interventions to augment the Corporation's culture of performance excellence as it undergoes structural and cultural changes.

3 | INDUSTRIAL AND EMPLOYEE RELATIONS:

This section's role is to develop and foster a fair, respectful, diverse, and high-performance culture that enables employees to contribute their best and to ensure harmonious relations with the Union. It also develops, delivers and maintains a business-focused employee relations strategy that meets the needs of the Corporation.

4 | HUMAN RESOURCES SERVICES:

This section manages talent acquisition, retention and attraction strategies, and employee performance. It is also tasked with mitigating employee-related risks and ensuring legal compliance.

5 | EMPLOYEE HEALTH AND WELLNESS:

This section addresses employee health needs with a focus on Physical Wellness, Emotional Wellness, Social Wellness, and Financial Wellness. These four areas are the cornerstones of the Corporation's employee health programme, alongside chronic illness management, stress management, and occupational health, which includes medical health surveillance screening as well as pre- and post-employment medical exams.

Human Resources Department continued

HUMAN CAPITAL RESOURCING

FY 2023/24 experienced a notable advancement in the human capital resourcing plan, as the Corporation continued its efforts to recruit and retain proficient employees. The comparison between Establishment and Headcount, along with the Gender Profile, is presented in Figure 19.

The approved establishment for FY 2023/24 was 2374, including one new position for Procurement Oversight Manager, with the headcount at 2227 as of 31st March 2024. Therefore, the overall recruitment into the structure was 94%. The vacancy status was 147 - 6% as of 31st March 2024, compared to 308 - 13% during the same period in 2022/23. This indicates an improvement of 7% from the last financial year. Recruitment improved significantly due to the consistent use of the digital platform Success Factors and a project management approach to closing the gap.

During FY 2023/24, 117 new positions were filled, among whom the majority were from the technical cadres. Of these, three held positions at the Executive Level in Supply Chain, Corporate Counsel, and Information, Communication & Technology.

The turnover rate during the review period was recorded at 1.01% overall, with the Corporation parting ways with 84 employees for various reasons. The primary losses were attributed to the parastatal market, where BPC competes for the same technical expertise. The rate remained well within the 10% threshold recommended by international standards throughout the financial year. Furthermore, the Corporation continues implementing attraction and retention strategies to reduce attrition while progressively enhancing retention.

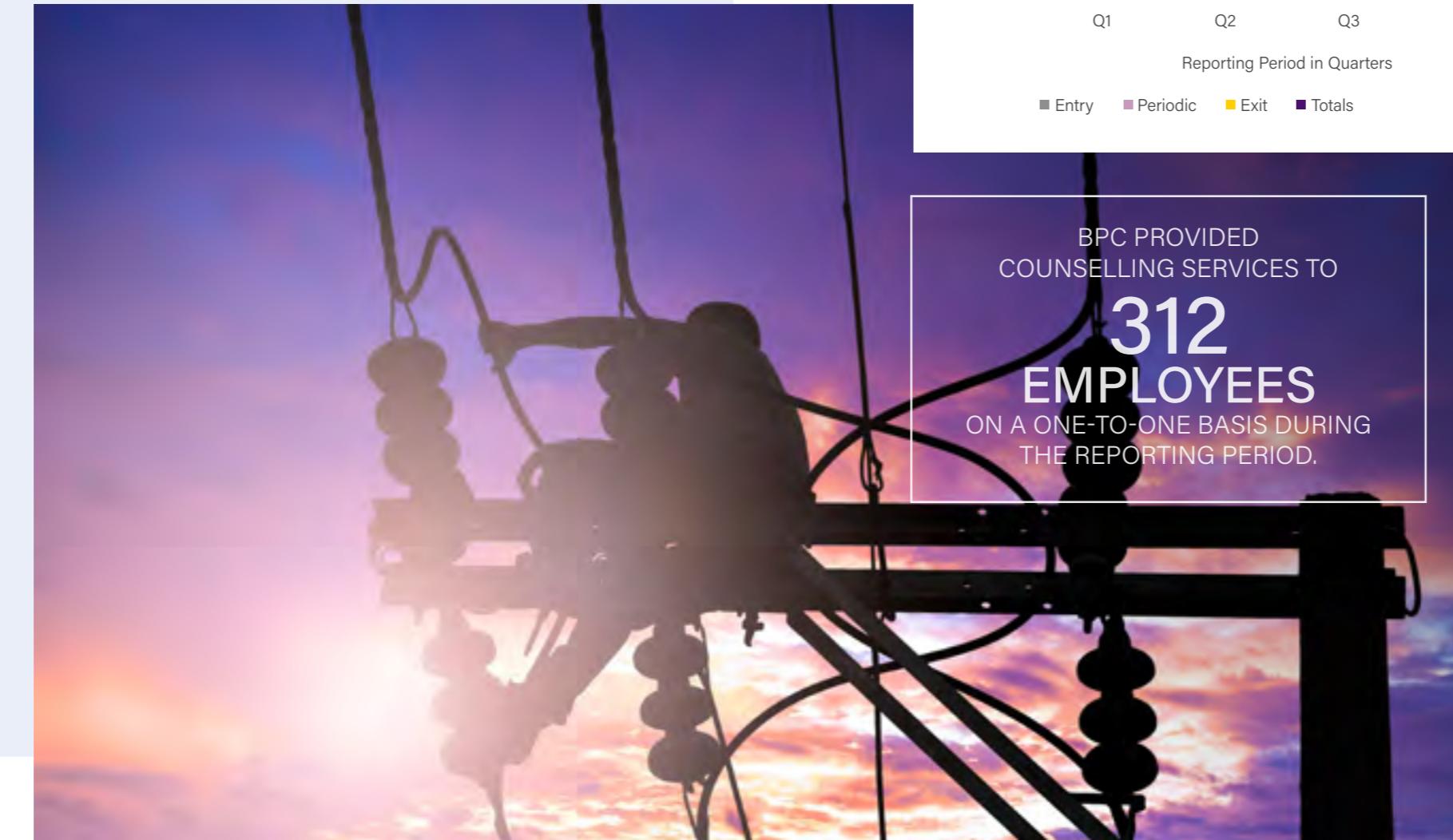
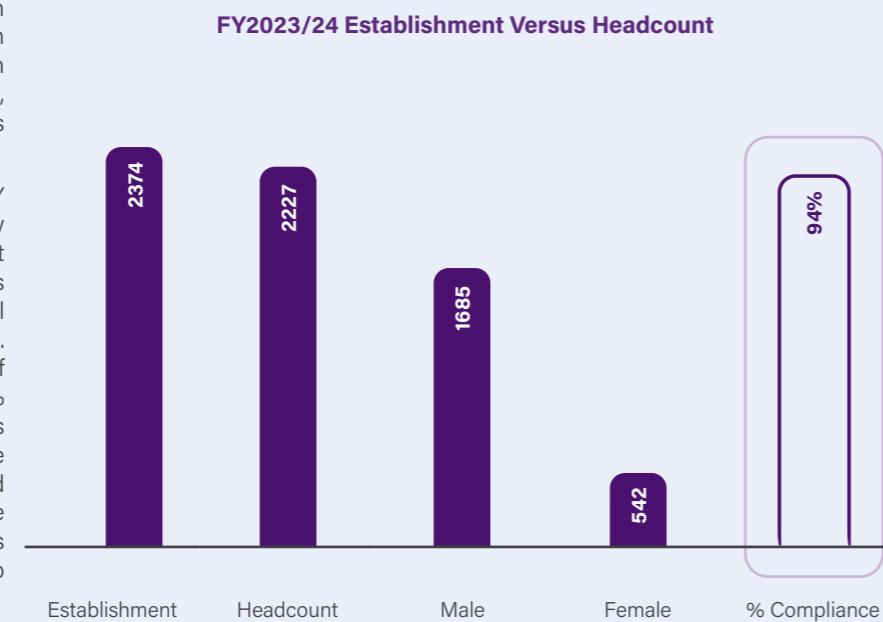


94% 

Overall recruitment

An improvement of 7% to 2227 from the last financial year

Figure 19: Establishment Versus Headcount as of 31 March 2024



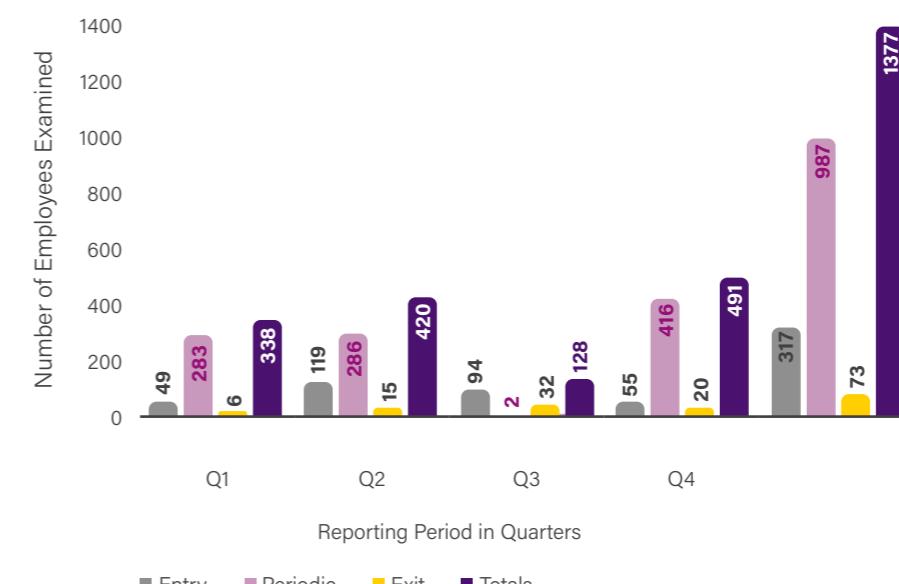
EMPLOYEE HEALTH AND WELLNESS

Medical Examinations Conducted

The Corporation conducted 1377 medical examinations during FY 2023/24. Of this total, 317 were entry medical examinations, 987 were periodic examinations, and 73 were exit medical examinations, as illustrated in the figure below.

Figure 20: Medical Examinations Conducted during FY 2023/24

Medical Examinations Conducted during FY 2023/24



Clinic Operations

The Morupule Power Plant clinics are established to offer primary healthcare services and address the occupational health requirements of the Corporation. These clinics cater to BPC employees and contractors stationed at the power plants. The clinics also manage on-the-job injuries and provide clinical advice to other BPC departments outside of the Morupule Power Stations (MPS).

A total of 2772 employees/patients were consulted, and 86 of them were seen by the contracted BPC Medical Doctor.

Sick Leave Management

The Corporation has taken a conscious decision to manage absenteeism due to ill health amongst employees. Given that position, health promotion, fitness, and exercise activities, as well as the distribution of printed educational materials on health and wellness, have been introduced to address absenteeism and remain the main components of the workplace programme. Gym services for employees were introduced in February 2024 at the BPC Palapye Recreational club, and this initiative will further contribute towards the reduction of absences.

Psychosocial Support

The Corporation provides its employees with emotional and psychological support for various social issues through internal and external service provisions. The range of social issues addressed in the past year included marital problems, work-related distress, trauma, intrapersonal distress, personal finance challenges, and depression, among others. BPC provided counselling services to 312 employees on a one-to-one basis during the reporting period.

Ill-Health Management

The Corporation manages and supports employees who can no longer perform their substantive duties through its internal policy referred to as the Ill Health Management Policy, where only one member was medically boarded, with three redeployed.

Human Resources Department continued

HUMAN RESOURCES DEVELOPMENT AND CAREERS

Capacity Building

Employee learning and development continues to be an integral part of the BPC's strategic agenda. During FY 2023/24, the Corporation trained 659 employees against a target of 584 on short-term competency development programmes. This was done internally at the BPC's Training Centres. 829 employees were trained externally by various institutions, with the total number of employees trained during FY 2023/24, as indicated in Figures 21 and 22 below.

Training Resuscitation

Re-accreditation of Internal In-house Programmes - HRDC

To resuscitate training, the Corporation has re-accredited Non-Credit Bearing Short Courses, which used to be within the ambit of the Botswana Qualifications Authority and have since been migrated to the Human Resource Development Council (HRDC). A total of 12 programmes targeted in FY 2023/24 have been successfully re-accredited in line with the new HRDC requirements and are listed below.

1. Linesman Training
2. Safety Rules (Senior Authorisation, Junior Authorisation, Competent Person)
3. Cable Jointing and Termination
4. Substation Maintenance
5. Power Plant Simulator Course
6. Basic Electricity
7. Transformers
8. Distribution Protection
9. Customer Service
10. Metering
11. Switchgear Maintenance
12. Circuit Fault Finding

Figure 21: Internal Training Interventions

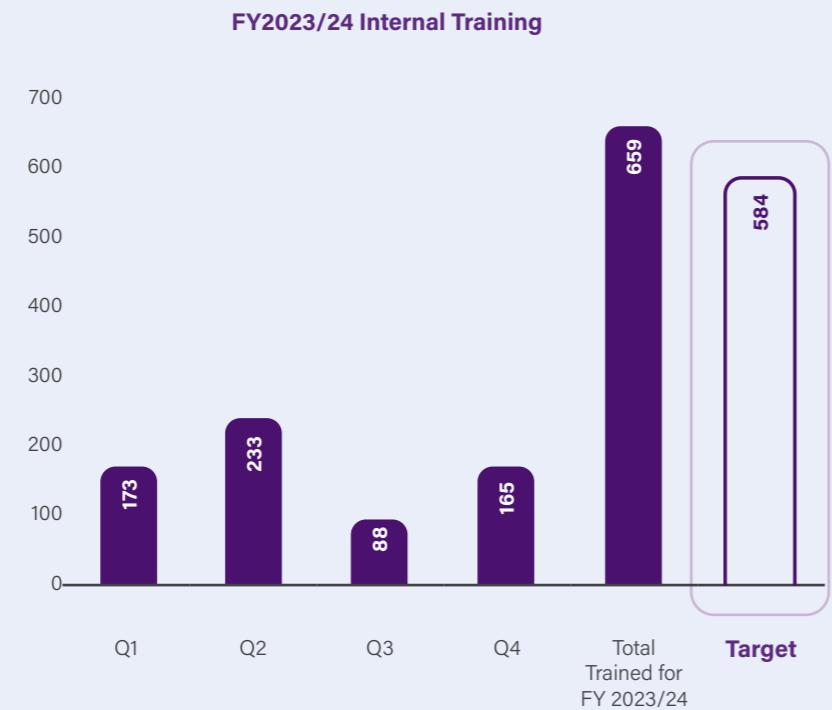
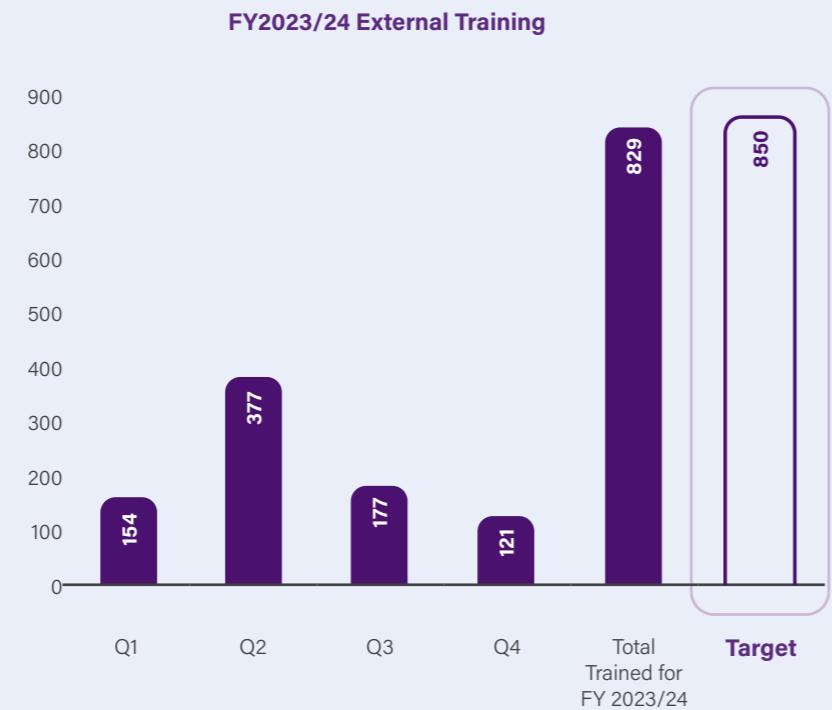


Figure 22: External Training Interventions



Long-Term Training conducted within the Training Centres (Reintroduction of Trade Test C and B)

For the Corporation to operate as a strategic and viable entity, it is expected to continually review its business and operating models to ensure they align with the changing environment and the business imperatives.

- During FY 2023/24, the Corporation enrolled a total of 24 employees for Trade Test C and Trade Test B. At the end of Q4, 12 employees undertook Trade Test C final examinations, whilst the other 12 employees sat for Trade Test B final examinations, and are awaiting results.

Graduate Trainees

To cultivate future human capital and ensure a reservoir of skilled and capable employees, the Corporation continues to recruit graduate trainees in various disciplines and nurture them to meet the required standards. Upon successfully completing their training, these graduates are considered for substantive positions within the Corporation based on the availability of suitable openings.

For the year under review, the Corporation had a total of 36 graduate trainees at various stages of the training programme in the generation, transmission and distribution, SHER, and asset management and care departments.

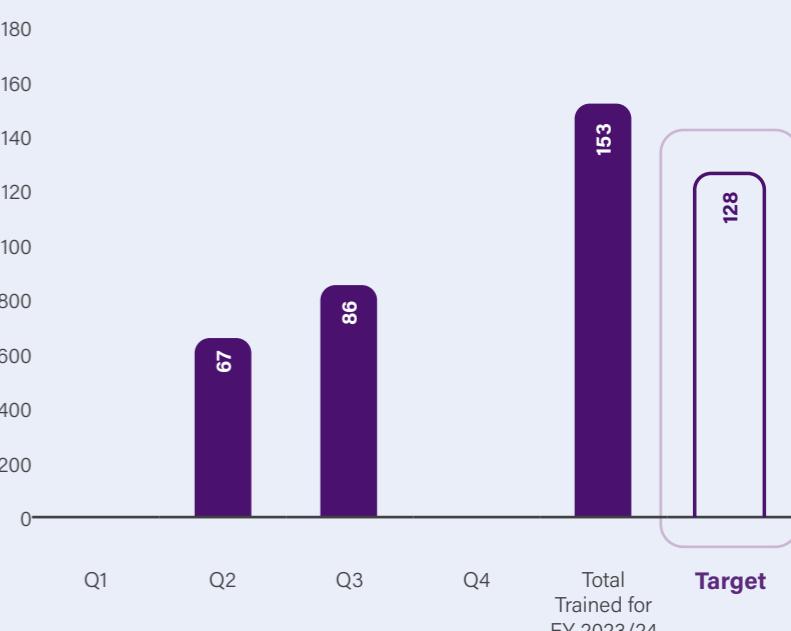
BPC also supports the Government's initiative of providing on-the-job training opportunities for fresh graduates who are absorbed into the organisation as interns and offered professional mentoring and coaching. At the end of FY 2023/24, the total number of Interns across the Corporation stood at 181.

Leadership Development Programmes

The Corporation continues to train employees on Leadership Development Programmes to strengthen leadership quality and supervision skills. At the end of FY 2023/24, the total number of employees trained on Supervision and Management Skills stood at 153 against a target of 128 as indicated in the figure below. The figure below shows the implementation rate of the Leadership Development Programmes.

Figure 23: Leadership Development Programmes

FY2023/24 Trained Employees on Leadership Development



"BPC also supports the Government's initiative of providing on-the-job training opportunities for fresh graduates who are absorbed into the organisation as interns and offered professional mentoring and coaching."

Human Resources Department continued

ORGANISATIONAL DEVELOPMENT

Implementation of the Succession Planning Policy

Following the approval of the Succession Planning Policy, identification of mission-critical positions & streamlining them to the Current strategy was done. In Q2, BPC identified critical roles for all departments. The identified critical roles form the Corporation's Critical Roles Catalogue, which has been adopted for succession planning and talent retention. This talent pool will fill any vacancies critical to saving recruitment costs and enhancing business continuity, thus achieving the strategic objectives.

The implementation of succession plans is ongoing. Out of 14 departments, ten succession plans have been approved and are in use, and the plans are continuously being updated as and when there are changes. Moreover, finalisation of the remaining four departments is also ongoing, and the plan is to complete the pending plans by the end of Q1 of FY 2024/25.

The Corporation continues to monitor and manage competency gaps to increase its bench strength and reduce its Human Resource risk through structured development programmes led by the Learning and Development function.

Job Profiles Review & Evaluation Project

The Job Profile Review Project was officially closed in October 2023. Of the 243 jobs that were reviewed, 94.7% were validated. Most of the recommended job profiles were evaluated by the Job Profile Evaluation Committee and were sent to Korn Ferry for validation, and the results were implemented in September 2023.

BPC is working with respective line managers to finalise the remaining few job profiles that were still pending for various reasons. This process is anticipated to be completed by the end of June 2024.

Movement to the Broadband-Based Salary Structure

BPC historically used a dated notch-based salary structure that negatively impacted employee retention due to its highly restrictive fixed salary ranges. In FY 2020/21 Tsa-Badiri Consultancy, in collaboration with Korn Ferry, reviewed the existing salary structure and recommended a broadband-based salary structure that constituted only minimum, midpoint, and maximum salary ranges. The Board approved this structure in FY 2020/21, and as of August 1, 2023, the Corporation transitioned to the broadband-based salary structure. The new structure was implemented to allow BPC the leeway to implement its pay philosophy, which is to remunerate at the median of the general market and upper quartile for its critical roles, competitively positioning the Corporation in the recruitment market.

Remuneration Philosophy

The Corporation's pay philosophy utilises the total reward mix as a critical element that aims to effectively contribute to its attraction and retention strategy, in which it strives to remunerate at the market median and upper quartile of the national market.

The current approved policy to remunerate employees stands as follows:

- Median of the national market for all staff—which will enable positions to compete effectively for scarce skills and motivate and retain key talent.
- Between the median and the upper quartile of the national market for key/critical positions and talent.

In 2022, the Corporation participated in the annual remuneration survey. It engaged Tsa-Badiri to conduct a Remuneration Competitiveness Analysis, which revealed that the Corporation wasn't in line with its policy of remunerating at the 50th percentile of the general market for bands 1 to 5. At the lower bands—6-11, BPC exceeded its policy, whilst at senior bands, its pay was below market competitiveness.

Based on the above premise, in FY 2023/24, Tsa-Badiri Consultancy was further engaged to realign the approved salary structure (broadband-based salary structure) with the general national market at market median. However, the Corporation was still lagging as it used the Annual Remuneration Survey data of 2021/22 to design the broadband-based salary structure. This was due to BPC's financial constraints.

As highlighted above, the Corporation successfully migrated from a notch-based to a broadband-based salary structure and employees' remuneration was partially aligned to the market median. Of the 2105 employee headcount as of August 1, 2023, 1112 employees were eligible to move to the market median as they were below the general market's 50th percentile, with only a 60% movement in basic salary being implemented.

993 employees were not affected by the movement to market median, as they were already at or above market median. The partial implementation of the market median was based on the BPC's affordability and budget constraints, and the remaining 40% was planned for future implementation. Implementing the 75th percentile for critical and specialised roles, as per the remuneration policy, is still underway. It shall be used following the Corporation's Critical Roles Catalogue.

BPC continues participating in the Annual Remuneration Surveys and strives to catch up with the general market. It will remunerate according to its pay philosophy, subject to affordability.

EMPLOYEE/ INDUSTRIAL RELATIONS

Management and Union Relations

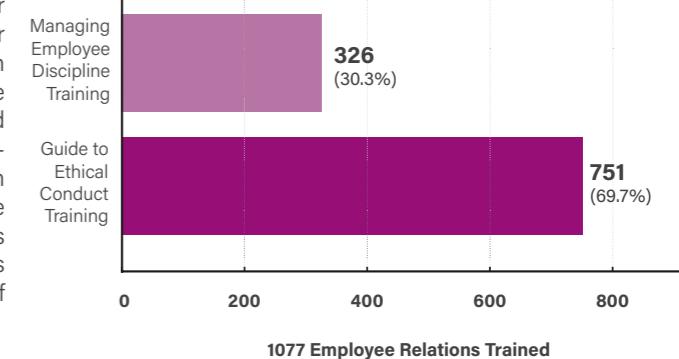
BPC's employee relations climate remains harmonious. For many years, the Corporation has had one bargaining partner with whom it has a signed collective labour agreement. In October 2023, the Corporation granted recognition to the National Amalgamated Local and Central Government and Parastatal Workers Union (NACL&PMWU), which enjoys a one-third majority representation of employees. The recognition of the NACL&PMWU did not mean the derecognition of the in-house union, the Botswana Power Corporation Workers Union, which still enjoys organisational rights. The two unions are treated equally, and there have not been complaints of intimidation or bargaining in bad faith.

The Botswana Power Corporation Workers Union Collective Labour Agreement, last signed in 2016 and reviewed in 2023, should ordinarily have been reviewed every three years unless it tacitly renews itself. The Corporation and the BPC Workers Union negotiated the new Collective Labour Agreement, which has since been finalised and signed off.

Since the Amalgamated Workers Union was newly onboarded, the Corporation drafted the Collective Labour Agreement, which was negotiated and signed to pave the way for seamless engagement through the negotiated and agreed structures. BPC is still working on a model that it will propose to the two unions to have joint bargaining structures where issues common to both can be dealt with under that structure without fragmenting the engagements. This will be done in the spirit of industrial harmony. The following are some of the initiatives:

- The Local Branch continues to convene quarterly meetings as agreed in the Collective Labour agreement, which has improved local management and employees' relations by speeding up issue resolutions.
- The Corporation has adhered to the scheduled Joint Consultative Committee quarterly meetings.
- The JCC has developed a matrix that tracks all action items to ensure they are monitored and closed by signing off.
- Onboarding of the newly recognised Trade Union to introduce them to the BPC way of doing things has been completed.

Employee Relations Training



Employee Engagement

CEO Visibility Felt Leadership

The CEO Visibility Felt Leadership was conducted in the Head Office at the beginning of the year. This was a meet-and-greet session where employees were wished well for the new year and encouraged to continue working hard to ensure that Maduo26 becomes a reality. It has been planned that this will be extended to other areas of the Corporation.

Industrial Relations Training

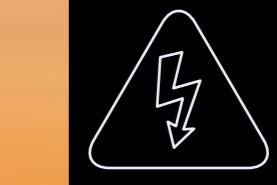
The Industrial Relations function embarked on training employees from different levels. A total of 751 employees from Band 11 to 7 were trained on Ethical Conduct, which guided employees in how they should conduct themselves in the workplace. Over and above that, 326 employees from Band 4 to 6, deemed middle management and supervisory, were trained on managing discipline. These are employees who lead teams and who have the authority to discipline. It was considered essential to impart these skills to the said employees at those levels, as during their working life, they will be confronted with instances where they need to enforce discipline, which must be executed equitably. The IR department has committed to continuing with training to ensure that every employee within the Corporation is upskilled.

DEPARTMENT

MARKETING & COMMUNICATION

The Marketing and Communication Department plays a pivotal role in enhancing the visibility and awareness of the BPC brand while effectively communicating products and services, both within the organisation and to external stakeholders. At its core, the department is dedicated to crafting and executing corporate marketing and communications strategies that align with the overarching corporate strategy, reinforcing the achievement of key business objectives. Throughout the past year, the Marketing and Communication Department has actively engaged in numerous projects and initiatives aimed at elevating service standards for the public while fostering greater customer understanding and service excellence.

**ENSURING
ZERO Harm**
REMAINS A CORE PRIORITY FOR BOTSWANA
POWER CORPORATION, EXTENDING BEYOND
OUR EMPLOYEES TO EVERY MEMBER OF THE
COMMUNITY WE SERVE



By engaging with the public through diverse communication channels, the department aimed to enhance awareness, improve service delivery, and promote a deeper understanding of critical developments in the energy sector.



Marketing and Communications Department continued

PUBLIC EDUCATION

During FY 2023/24, the Department led various outreach initiatives to educate the public on different aspects of the Corporation's operations across multiple platforms, including online publications, radio, television, and print media. These efforts focused on key areas such as electrical safety, energy efficiency, vandalism and theft prevention, the Tip-Off Anonymous programme, National Electricity Standard Connection Cost for Low-Income Households, tariff structures, and the introduction of innovative solutions such as Split Smart Meters and the Rooftop Solar Programme. By engaging with the public through diverse communication channels, the department aimed to enhance awareness, improve service delivery, and promote a deeper understanding of critical developments in the energy sector.



PUBLIC SAFETY EDUCATION

Ensuring Zero Harm remains a core priority for Botswana Power Corporation, extending beyond our employees to every member of the community we serve. Our firm commitment to preventing any harm resulting from our operations, whether to individuals, equipment, or the environment, has driven us to launch a comprehensive Safety Communication campaign across various media platforms to raise awareness about the safe use of electricity.

As part of this initiative, we have conducted the following:

- Broadcasting bulk safety messages through SMS services.
- Engaging with the public via social media and online platforms to disseminate crucial safety information.
- Creating content aimed at teaching the public safe practices when using electricity and distributing posters to key community centres such as Kgotsas, District Administration offices, Council Offices, public toilets, and schools.
- Leveraging the power of radio to communicate essential safety guidelines and best practices through:
 - Power Moment on Gabz FM
 - Re Bonesa Botswana on RB2
 - Rragwe Tinana Radio on Duma FM, and radio interviews.

These efforts underscore our firm commitment to fostering a culture of safety and ensuring the well-being of all individuals within our community.

BRAND VISIBILITY AND EXHIBITIONS

In its unwavering commitment to bringing the BPC brand directly to customers and embodying the People First value through community engagement, the Marketing and Communications department, in collaboration with the Wellness Department, actively participated in a diverse range of brand awareness activities. These included high-profile sporting events such as the Gaborone Diacore Marathon, Jwaneng Bush Walk, Orange-Phikwe Marathon, Lucara GM Cycling Challenge, Glow in the Dark – Walk Against Social ills and the Palapye Half Marathon, reinforcing BPC's dedication to fostering meaningful connections through engagement. The department actively participated in several exhibition events, providing an opportunity for direct customer interaction while showcasing our diverse range of products and services. Notable among these events were the Business Botswana Northern Trade Fair, Ghanzi Show, Gaborone Consumer Fair, Voorslag Boteti Mining and Agricultural Show, and the Boteti West Cattle Expo.

Marketing and Communications Department continued



Power Outage Communication

The Department plays a crucial role in ensuring the timely dissemination of information regarding both planned and unplanned power outages. This is achieved through a variety of media channels, including online platforms, social media, SMS communication, and all commercial radio stations. A standout feature in this effort is RB2's "Your Power Supply Snapshot," which serves as an informative tool, keeping the public well-informed about power supply updates.

Events Management

Since the start of the financial year, the Department has actively orchestrated a series of events and facilitated the launch of Private Public Partnership Agreements, reinforcing the Corporation's commitment to progress and sustainable development. Among the notable highlights are the inauguration of the Mochudi Substation, the groundbreaking ceremony for the Mmadinare 100MW Solar project, the groundbreaking ceremony for the 300MW Thermal Power Plant, the unveiling of the Bobonong Solar Plant, and the electrification of Lepashe Village as part of the Rural Electrification Project. These initiatives showcase the Corporation's strides toward achieving a regional benchmark in electricity supply, ensuring energy accessibility and long-term sustainability.

Corporate Social Responsibility

BPC's commitment to uplifting communities through Corporate Social Responsibility (CSR) initiatives remains unwavering. These efforts have brought tangible improvements to the lives of schoolchildren, youth, the elderly, women, and the sports sector, reinforcing the Corporation's dedication to social impact. Through its CSR mandate, the Corporation has made significant contributions to enhancing basic education, promoting health and wellness, and supporting various beneficiary groups and individuals.

Leading these efforts is the Department, which serves as the steward of BPC's CSR strategies. These strategies are thoughtfully executed through the CSR Committee, a collaborative body comprising dedicated staff members from diverse departments. By leveraging this cross-functional approach, BPC ensures its CSR initiatives are effectively implemented, fostering positive change and meaningful engagement within the communities it serves.

PROJECT NAME	FOCUS AREA	DESCRIPTION
RADISELE ELDERLY WELLNESS DAY 2023	Health & Wellness	Giving back to the Palapye Community by providing wellness services for a selected group of elders aged 65 and above
SUPPORT A SCHOOL - KAVIMBA PRIMARY SCHOOL	Education	Supporting education
SUPPORT A SCHOOL - POLE PRIMARY SCHOOL	Community Upliftment	50mb internet for 2 years and a printer
SUPPORT A SCHOOL - SEDIMO JUNIOR SECONDARY SCHOOL	Education	Boot camp
NATA SENIOR SECONDARY	Education	Promoting education and dignity after the school's girls' hostel was burnt to ashes
BAITSHEPI BA JESO GOSPEL CHOIR	Health & Wellness	Promoting Health & Wellness. The donation was for sanitary pads for schools in Selebi-Phikwe
MOGODITSHANE SENIOR SECONDARY SCHOOL	Health & Wellness	Sanitary pads
FRANCISTOWN COMMUNITY OUTDOOR GYM	Health & Wellness	Supporting community wellness
BOTSWANA SOCIETY FOR THE DEAF	Health & Wellness	Donated money towards the centre's upkeep
BANA BA LETSATSI REHABILITATION CENTRE (OPHANS & VULNERABLE CHILDREN)	Community Upliftment	Stationery and groceries donation to an orphans centre in Maun
LEOBO LA KGOTLA - [(TRIBAL ADMINISTRATION BUILDING, MOCHUDI)]	Community Upliftment	Donated money towards the construction of the Leobo la Kgotsa
TSHANE VDC HOUSES ELECTRIFICATION	Community Upliftment	Construction of 170M ABC line to Tshane showground and electrification of 3 community houses (VDC)
USED GUM POLES DONATIONS TO DIFFERENT PUBLIC INSTITUTIONS	Community Upliftment	Donated towards the construction of different community projects.

DEPARTMENT

CORPORATE SECRETARIAT

The mandate of the Corporate Secretariat Department is to manage the administrative aspect of the Board of Directors, provide legal advisory services to the Corporation, ensure adherence to prudent corporate governance, and ensure regulatory compliance with the Laws establishing the Corporation in Botswana.

BOARD CHARTER:

THE BOARD CHARTER

WAS APPROVED BY THE BOARD, AND THIS PAVED THE WAY FOR THE DEPARTMENT TO REVIEW THE TERMS OF REFERENCE OF OTHER BOARD COMMITTEES.



The Department engaged the services of a qualified management consultant to assess the Board's performance during the year under review.



The Department provides secretarial support to the BPC Board, Board Committees, and the Executive Committee.

The Department supports the Corporation by ensuring its interests are protected in all agreements and contracts with other parties.

The Department further protects the rights of the Corporation as an entity by engaging legal representation in the courts whenever required, as well as providing independent legal opinion and advice. In addition, Service Level Agreements are signed with private law firms to harness their expertise in legal matters affecting BPC. There is a panel of private law firms that are allocated work as and when necessary. The Panel is reconstituted every three years after floating a Public Tender to identify suitably qualified firms.

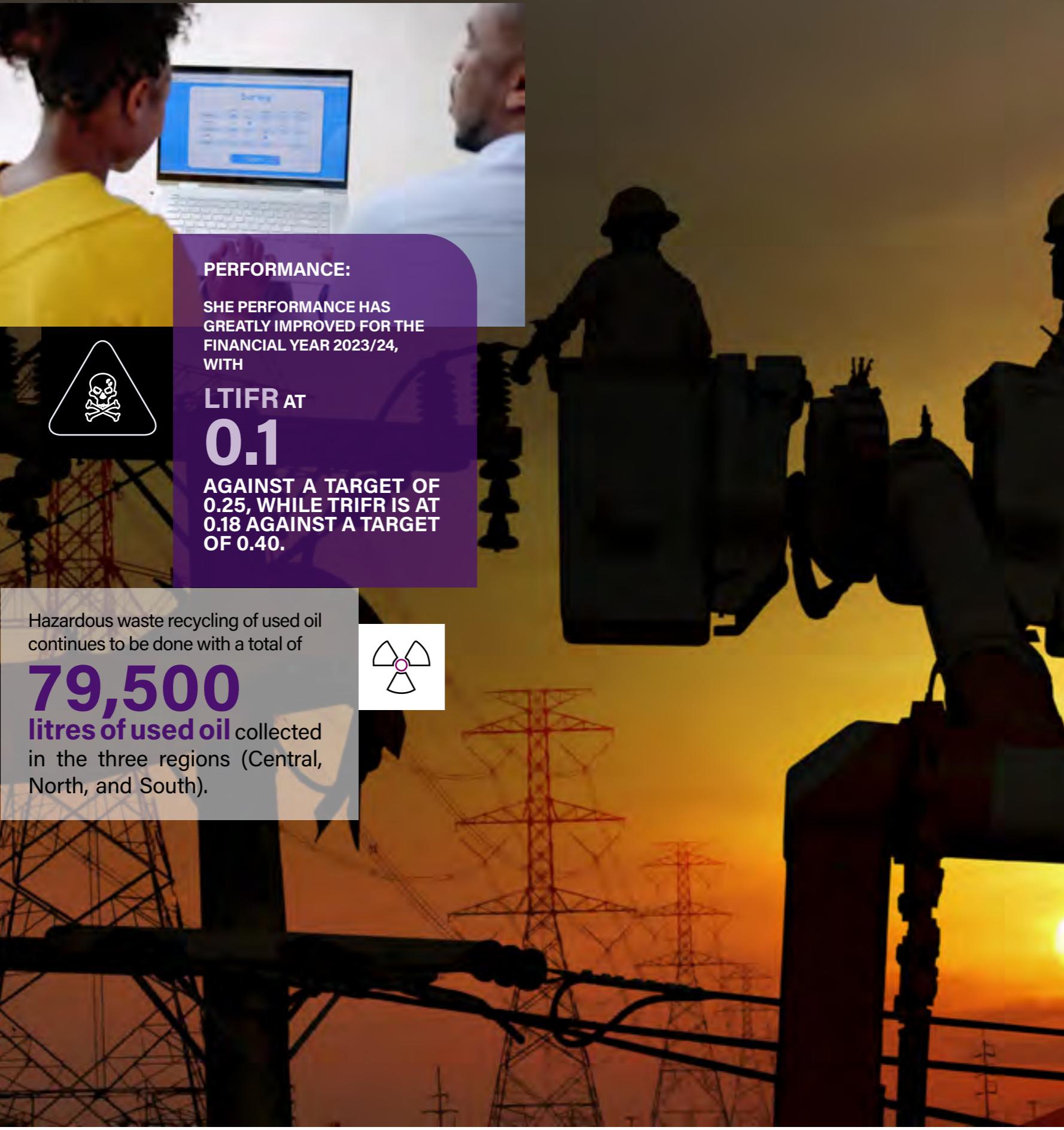
The Department provides support across all business areas to ensure that the Corporation achieves its strategic objectives. It covers contract drafting and negotiation, industrial relations, legal advice and opinion, litigation, debt collection, corporate governance, and regulatory compliance.

The Board Charter was approved by the Board, and this paved the way for the Department to review the Terms of Reference of other Board Committees. The reviews and Board approvals were completed during the reporting period.

The Department engaged the services of a qualified management consultant to assess the Board's performance during the year under review. It plans to add more value to the Corporation in the coming year by proactively engaging with the Botswana Energy Regulatory Authority (BERA) to achieve the granting of a licence to the Corporation. The licensing is intended to create a stable and predictable regulatory environment. The Department shall also procure a governance and regulatory compliance system, which shall be an automated solution used to improve the governance and compliance functions.

DEPARTMENT

S
E
H
R



INTRODUCTION

To create an enabling environment for the successful execution of BPC's corporate strategy, Maduo26, ZERO Harm is one of the core values. Through ZERO Harm value, BPC management and the Corporation at large, under the direct leadership of the CEO and his management team, are unapologetic, relentless, and deeply committed to ensuring that BPC operations will harm no person, no equipment will be damaged, and no environmental degradation will occur.

BPC has also embarked on another key strategic initiative of implementing the newly adopted operational model, integrated SHE Management system, which is aligned and enshrined in the international best practice of ISO14001:2015 (Environmental Management Systems) and ISO 45001:2018 (Occupational Health & Safety) to improve the SHE environment. The goal is to attain ISO 45001 and 14001 certifications by the end of the financial year 2023/24. To this end, our SHE Policy and SHE Management system are being reviewed for smooth transition to the new SHE Management system and to place the Corporation in a better position for acquiring certification.

FUNCTIONS OF THE SHER DEPARTMENT

The SHER Department, as a support function, plays a vital part in the BPC's corporate governance space, specifically on the application of best practice and compliance that calls for evaluation of governance structures to ascertain their level of preparedness or readiness to manage any probable risks outside and within the Corporation. As such, BPC is subject to several laws and regulatory frameworks that govern its operations. The department is charged with ensuring that the Corporation complies with all applicable conditions relating to environmental compliance, as well as the health and safety of its workers and the public through continuous monitoring and training.

The department reports to the Board Audit and Risk Committee (BARC) and the Board Technical Committee (BTC). It also ensures that the corporate risk register is maintained, leads all determinations made to identify feasible corporate risks, formulates appropriate mitigation approaches and shares information with all stakeholders.

SHER Department continued



OVERVIEW OF SHE PERFORMANCE

The management team has embarked on accelerated efforts to implement strategies that aim to curb injuries, improve the environmental conditions and enforce 100% compliance with the Corporation's SHE requirements. Comprehensive investigations were conducted for incidents, and Post-Fatality Recovery Action plans were developed and implemented. Attention was refocused on reviewing safety documents, improving management visibility and enhancing close monitoring to prevent recurrence of similar incidents.

These combined efforts have proven effective as SHE Performance has greatly improved for the financial year 2023/24, with LTIFR at 0.11 against a target of 0.25, while TRIFR is at 0.18 against a target of 0.40.

Total Recordable Injury Frequency Rate trends (2019/20 to 2023/24)

The Corporation's SHE performance remained strong (standing at 0.18 compared to 0.26 during 2022/23), with key metrics indicating a continued commitment to workplace safety. The Total Recordable Injury Frequency Rate (TRIFR) showed significant improvement compared to the previous year, reflecting the effectiveness of the Corporation's SHE initiatives and employee engagement programmes.

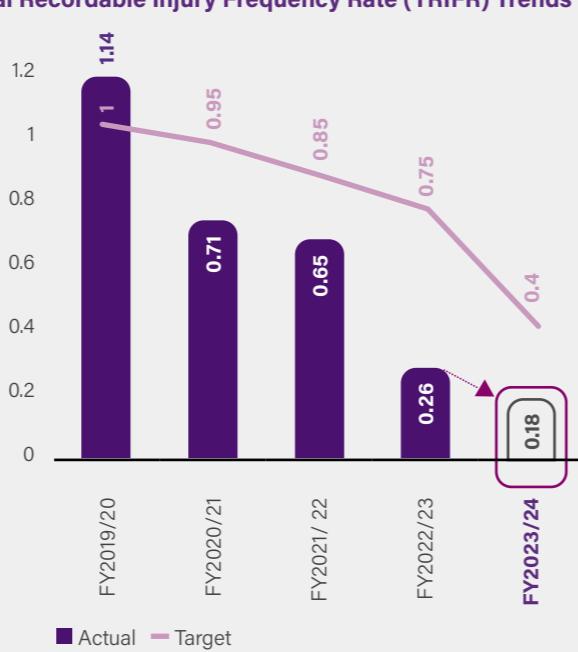


Figure 25 : TRIFR trends

Environmental Performance

BPC endeavours to maintain a strong record of environmental compliance, meeting or exceeding applicable regulations and industry standards. These efforts demonstrate the Corporation's commitment to minimising its environmental footprint and promoting sustainable practices throughout its operations. Monitoring of the following aspects is being done:

Air Emissions: MBPS air emissions monitoring is ongoing, even with spikes in SOx emissions recorded; as per BOS 807:2019, all other emission parameters are within permissible bounds. To improve environmental monitoring, additional dust monitoring (less than 50 µm diameter) is carried out.

Figure 26: MBPS Station SOx Emissions

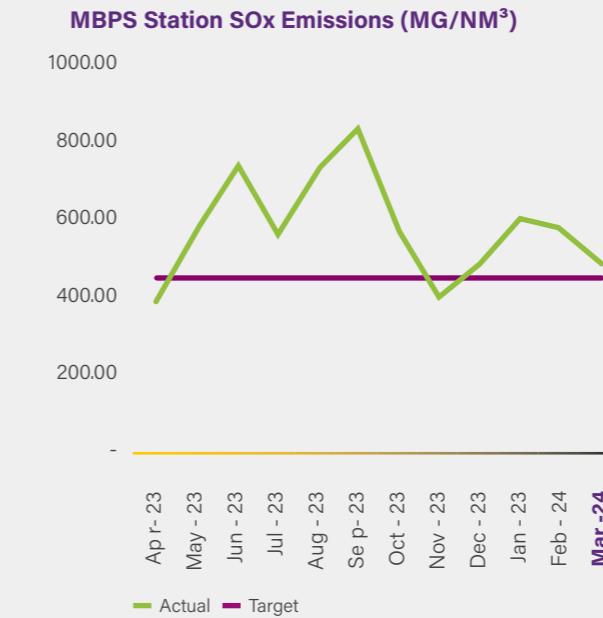
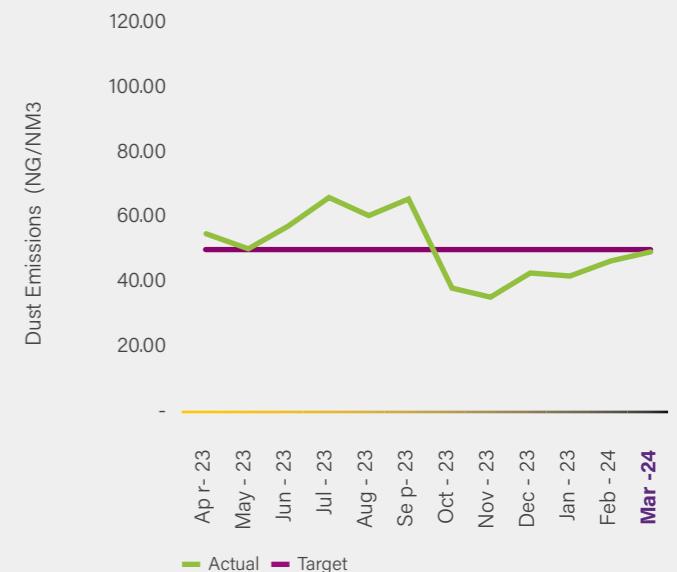


Figure 26: MBPS Station SOx Emissions

MBPS Station SOx Emissions (MG/NM³)

Figure 28: MBPS Station Dust Emissions

MBPS Station Dust Emissions (MG/NM³)



Air Quality: Continuous environmental air quality monitoring is being done at Kgaswe School and Morupule Coal Mine air vents. Compliance with set standards as per BOS 498 and World Health Organisation guidelines has been within the limit for NOx and Particulate Matter of 2.5, 5, 10µg/m³.

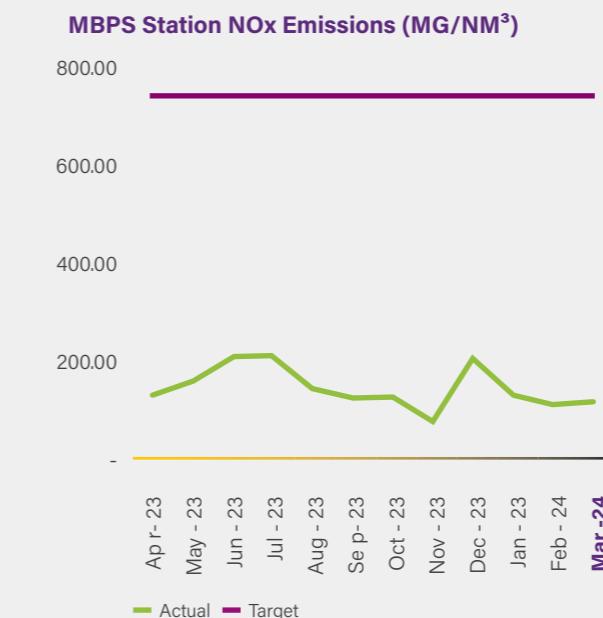
Wastewater: Analysis of parameters for wastewater (chemical and physical content) from the power plants is conducted and is within allowable limits as per the BOS 93:2009 standard.

Waste management

Salvage Yard: The MBPS waste management facility annual license is valid and operational.

Hazardous waste recycling: Hazardous waste recycling of used oil continues to be done with a total of 79,500 litres of used oil collected in the three regions (Central, North, and South).

Figure 27: MBPS Station NOx Emissions



Near Hit Reporting

Near hit reporting is a critical safety practice that allows BPC to identify potential hazards and take proactive measures to prevent accidents. Near hit reporting target was surpassed at 211,813 against a target of 180,000. To surpass near-hit reporting targets, BPC implemented a range of strategies that address various aspects of SHE. Additionally, recognising and rewarding employees for their near-hit reporting efforts further reinforced the importance of this initiative.

SHER Department continued

MAJOR ACTIVITIES DONE DURING THE REPORTING PERIOD

The SHER Department successfully executed several significant interventions across the Corporation over the 2023/24 financial year to improve Safety, Health, Environment, and Risk Management Standards.

Integrated ISO SHE Management System Project

In line with industry best practices and global business dynamics, BPC has decided to adopt an integrated management system based on the International Standards Organisation (ISO) Standards, namely, ISO 14001:2015 (Environment) and ISO 45001:2018 (Occupational Health and Safety).

Phase 1:

Review of BPC SHE Management System

The New SHE Manual and SHE Policy were launched in November 2023 to ensure BPC SHEMS conforms to requirements and best practices in line with the ISO Standards, viz: ISO 14001:2015 and ISO 45001:2018.

Phase 2:

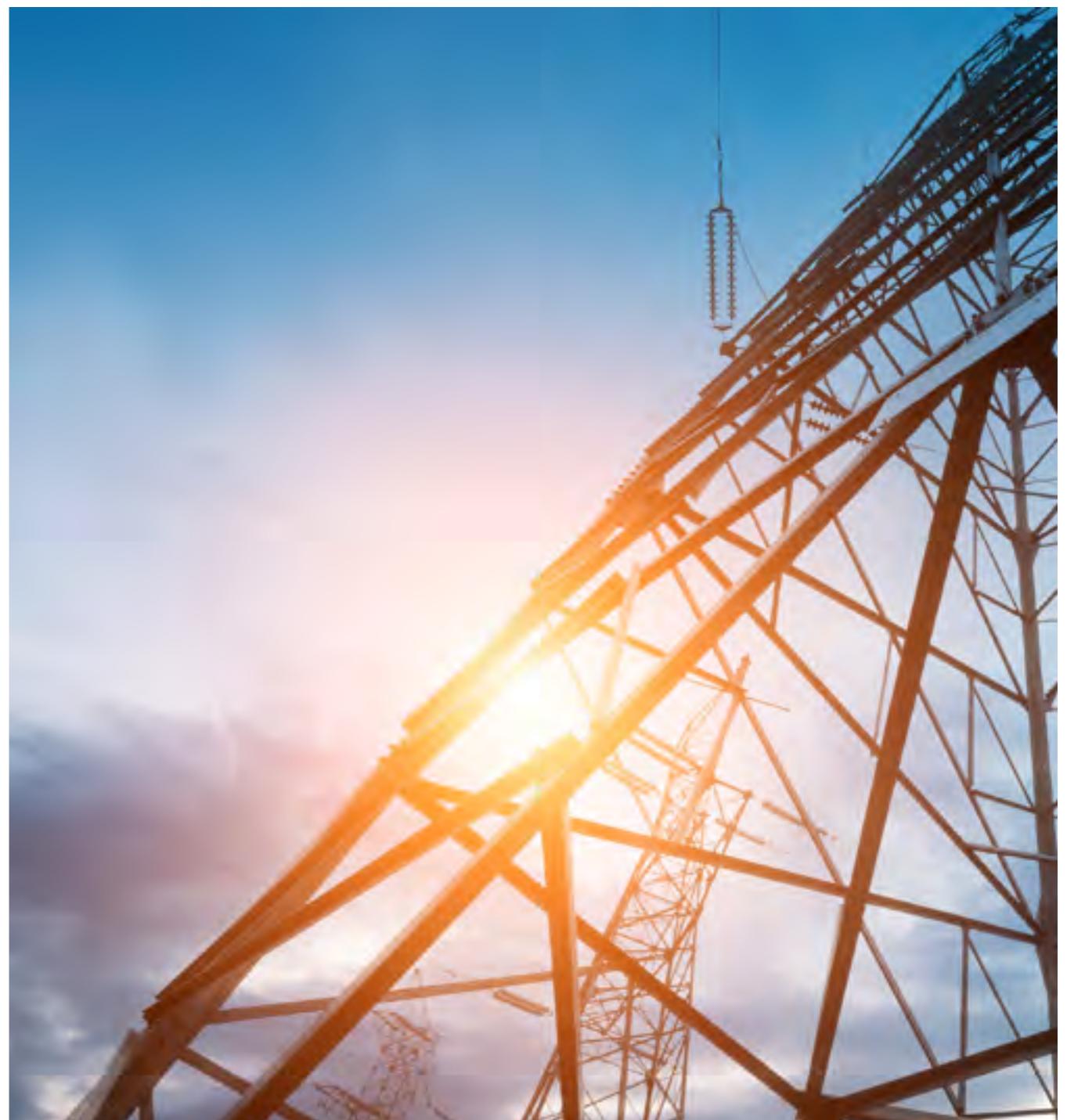
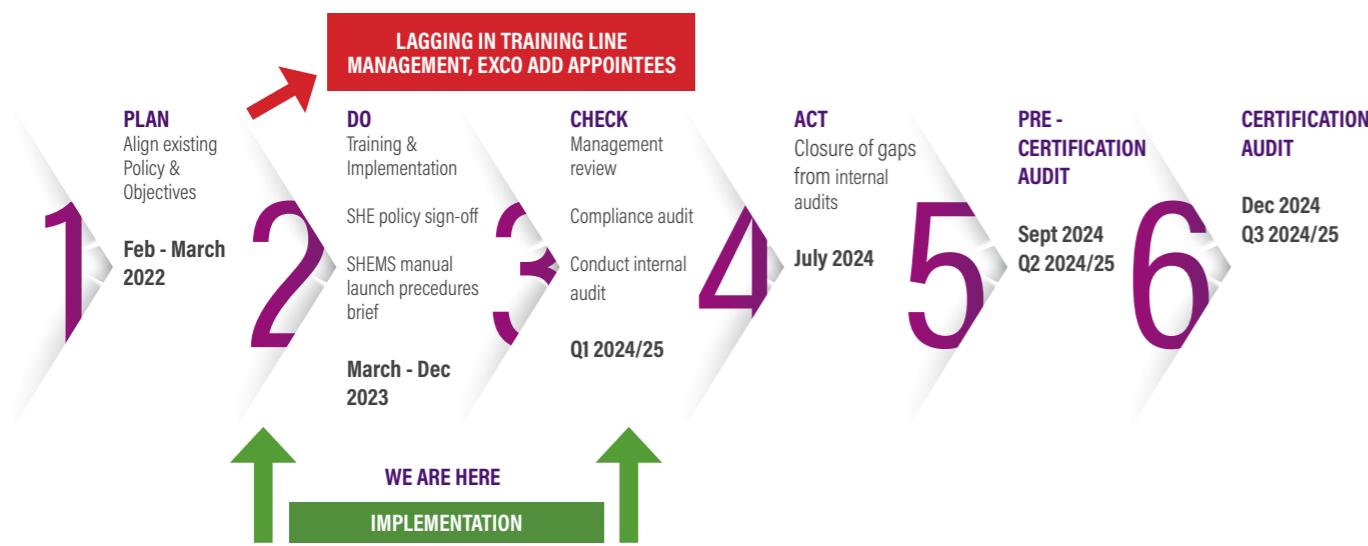
Acquire Certification on ISO 14001:2015 and ISO 45001:2018

The attainment of the final certification is planned for the end of Q4 December 2024/25.

The project is at the implementation stage and progressing well with the following critical activities planned and ongoing:

- Capacity building through training: ISO Standards training (both Awareness and Competency across the Corporation)
- Awareness sessions – SHEMS Clauses and SHE File Coaching
- Document management
- Compliance Audit
- Internal Audit
- Management Review and follow up on audit deviation

BPC SHEMS Roadmap Towards Certification



O SHAP Campaign

BPC consistently reviews its management processes to focus its efforts to minimise operational risks, protect the workforce, the environment and the business with regard to the Zero Harm value. "O SHAP" is a Campaign geared towards introspecting, reviewing and identifying grey areas for Zero Harm and continual improvement. "O SHAP" is a process intervention to accelerate the Zero Harm journey towards operational efficiency and build a world-class organisational SHE culture. The primary goal of this intervention was to entrench the Zero Harm value amongst the general workforce and become an integral part of the production work ethic.



SHER Department continued

SAFE RETURN TO WORK PROGRAMME

The Safe Return to Work Programme aims to proactively restore and reintegrate the workforce to their respective workplaces through SafeWork Practices. As workers were returning from the long festive season holidays, it was important to remind them about the Corporation's Workplace Risk Exposures and Safe Behaviours.



Contractor Management

Annual refresher inductions: The SHER Department continues to engage with BPC service providers as part of its ongoing efforts to improve safety for both employees and the public, along with ensuring the protection of environmental integrity.

Through the BPC Projects office, the SHER Department intensified engagements with contractors across the country through workshops, monthly meetings and weekly engagements with Consultants and Contractors.

Contractors' SHE file reviews were done across the Corporation to ensure that Contractors comply with BPC SHE Requirements.

Stop and Fix: SHER on site spot checks, training and awareness sessions were frequently conducted to improve risk perception and to enhance contractor safety performance.

Environmental Management Initiatives

- A proactive initiative to encourage the public to report defective equipment and conduct preventative maintenance on transformer equipment leaking oils and causing environmental pollution.
- The Morupule Plant registration of plant stacks is currently being undertaken, waiting for installation and commissioning of MAPS Continuous Emission Monitoring System (CEMS), and MBPS CEMS verification as per BOS 807:2019.
- The Vegetation Management Plan implemented by BPC provides guidelines for managing vegetation near powerline servitudes. Understanding the many vegetation biomes, ecoregions, and protected species in Botswana is necessary for sustainably managing vegetation under powerline servitudes.
- Environmental Management Plans for Seronga and Orapa Power Plants have been scheduled, as monthly monitoring is conducted.
- A third ambient air quality monitoring station is being procured to increase surveillance of emission parameters from the power stations (Morupule A and B). A new ambient air quality monitoring station is to be set up at the Morupule Coal Mine village.
- Facilitate the Collection of old transformer oil for recycling. 20,800 litres of oil were collected for recycling in the South region from April 2023 to date.



Occupational Hygiene Programme

At the core of the Corporation's occupational hygiene strategy is a holistic approach that encompasses a wide range of practices and initiatives. This includes the identification and assessment of potential occupational health hazards, such as regular air quality assessments, noise level measurements, and ergonomic evaluations to identify and address any potential issues before they can impact employees' health and safety. This department works closely with all departments to ensure that the latest industry best practices and regulatory requirements are consistently met or exceeded.

Commemorative days

BPC commemoration of **World Day for Safety and Health at Work 2023**, which was held in Molepolole on the 28th of April 2023 under the theme, "A safe and healthy working environment as a fundamental principle and right at work." The national commemorations through the Ministry of Labour and Home Affairs were held in Jwaneng.

World Environment Day 2023 was also celebrated through information dissemination and awareness raising, planting trees and donating a waste segregation station to Lerala Primary School.

SHER Department continued

OCCUPATIONAL HYGIENE PROGRAMME (CONTINUED)



Plans for the coming year:

As the Corporation looks to the future, it remains committed to SHE excellence and to pushing the boundaries in workplace safety and environmental stewardship.

- Progressing SHEMS Capacity Building (Training on ISO 14001:2015 and ISO 45001:2018 - Both Understanding and Audit; Targeting SHER Team, Line Management and SHE Appointees)
- Awareness sessions for the general workforce are ongoing
- TRIFR awards to Gaborone Inner
- **Commemorations:**
 - World Day for Safety and Health in the workplace, 28 April 2024
 - World No Tobacco Day, 31 May 2024
 - World Environment Day, 05 June 2024
- Internal audits ISO 140001:2015 and ISO 450001:2018 (July 2024)
- BPC inter-regional First Aid Competitions
- Botswana Chamber of Mines First Aid Competitions
- Licensing plant stacks with the Department of Waste Management and Pollution Control and making sure that BPC's diesel-powered generator plants are in compliance with air quality regulations.

Critical Activities Timelines

1. Appointment of SHEMS project Steering Team
- April 2024

2. Capacity building- April- end Q1 2024
- Training: ISO Standards trainings (Targeting All Line Management, SHER Team and SHE Reps)
- EXCO Awareness
- Awareness sessions-SHEMS Clauses, ALL employees
- SHE File Coaching across the Corporation

3. SHEMS Document Management - April 2024
- Finalize templates of evidence documents e.g. Checklists

4. Compliance Audits - April 2024

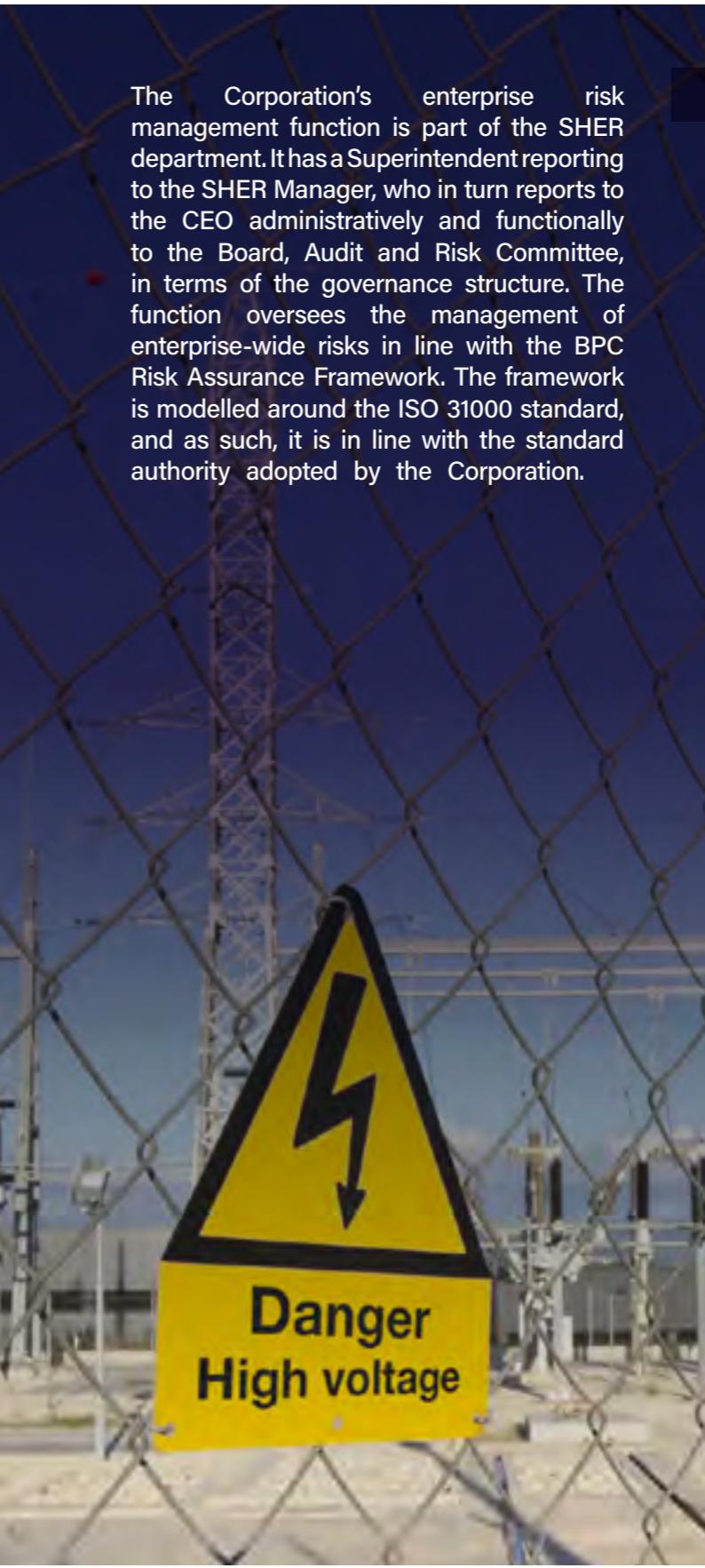
5. Internal Audits - June 2024
6. Management Review

7. Closure of gaps from internal audits

8. Pre - certification audits - September 2024

9. Certification audits - December 2024

ENTERPRISE RISK MANAGEMENT



The Corporation's enterprise risk management function is part of the SHER department. It has a Superintendent reporting to the SHER Manager, who in turn reports to the CEO administratively and functionally to the Board, Audit and Risk Committee, in terms of the governance structure. The function oversees the management of enterprise-wide risks in line with the BPC Risk Assurance Framework. The framework is modelled around the ISO 31000 standard, and as such, it is in line with the standard authority adopted by the Corporation.

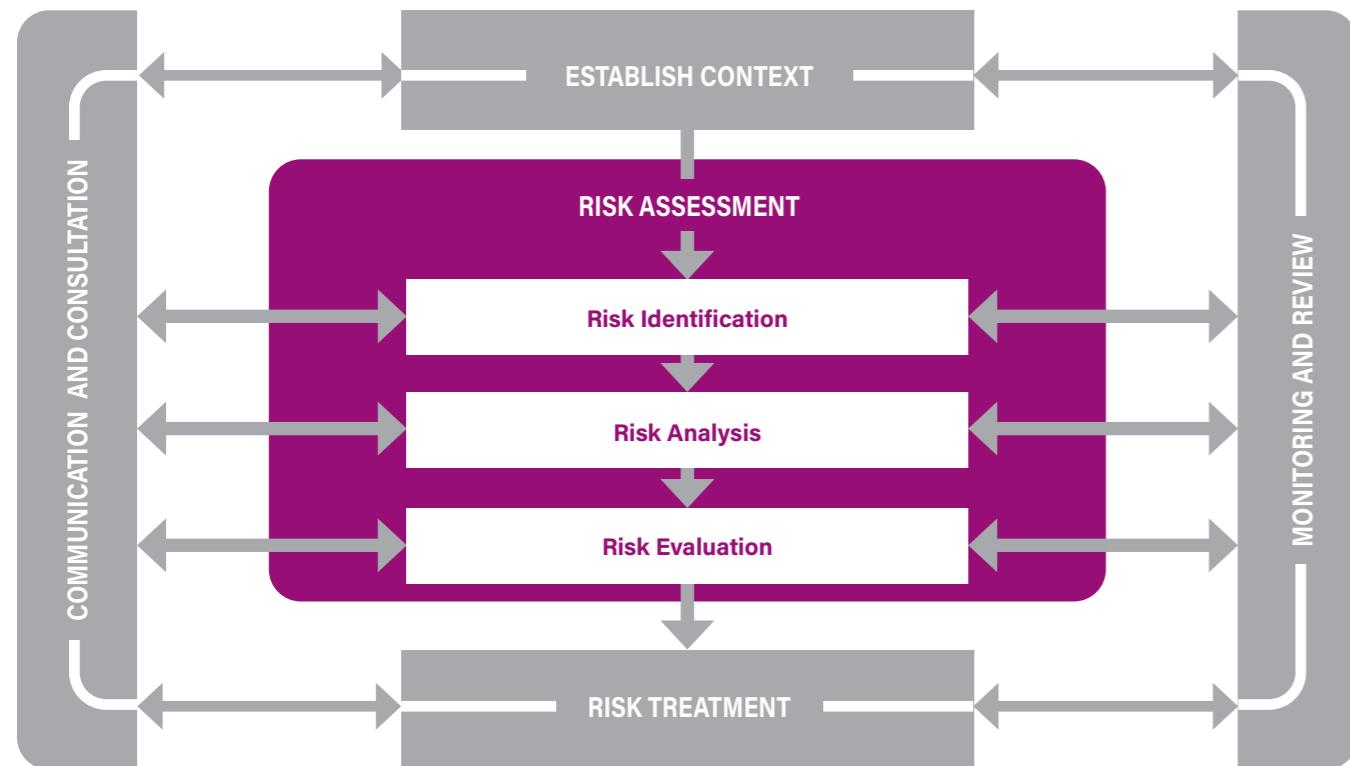
The ERM process is guided by the following key principles:

- **Philosophy** - The enterprise will take on a level of risk in line with its risk appetite.
- **Culture** - BPC fosters a corporate culture which accepts informed risk-taking within a pre-determined range as fundamental to its business if risk identification, mitigation and monitoring processes are established to ensure the continuing strength of the organisation.
- **Education** - BPC promotes training and risk awareness among its Board members and its employees.
- **Learning** - BPC promotes the review of past risk events to capture learning from this experience.
- **Standards** - A common approach to risk management and reporting is in place to promote consistency and best practices in managing, monitoring and reporting risk, including a "common language" used by BPC in discussing risk.
- **Risk ownership** - Responsibility for ensuring the quality of data recorded in the risk register as well as risk mitigation, including the performance results of the intervention programme and reporting, lies with the Business/Support Units Directors.
- **Independent assurance** - BPC will obtain periodic independent assurance (i.e., Internal and External Audit Services) that systems of risk management and internal control are operating efficiently and effectively.
- **Integration** - BPC promotes the integration of risk management into everything that is done, including planning, budgeting, compensation, acquisitions, dispositions and projects.

There are five primary steps in the ERM process, as indicated in the table below. It is also important to ensure that the ERM process and risks are re-evaluated and updated on an ongoing basis to reflect new information and experiences so that all significant risks are appropriately identified and addressed and that any material opportunities are not overlooked.

SHER Department continued

ENTERPRISE RISK MANAGEMENT (CONTINUED)



BPC has adopted a "bottom-up" and "top-down" approach in identifying and evaluating or assessing risks. From the bottom, risks will be identified and evaluated or assessed where they occur in the day-to-day operations and will be captured in business unit risk registers, where appropriate. The "top" risks of the business units will, where appropriate, also be incorporated into the Corporate Risk Register, which will contain the "Top Ten" risks of BPC.

The Executive Committee will take a strategic view of the identified risks and will assess from a "top-down" approach the top ten risks against BPC's goals and objectives and business priorities. The Executive Committee will therefore also take responsibility for the management of the "Top Ten" risks.

The following risk types have been identified as key to the BPC business, and they are the main risks that are managed daily:

RISK CATEGORY	RISK DEFINITION	EXAMPLES
STRATEGIC RISK	The risks and uncertainties, affected by internal and external events or scenarios that could inhibit BPC's ability to achieve its strategy and strategic objectives.	Lack of an effective performance management system.
OPERATIONAL RISK	Risks of direct or indirect losses or losses of service delivery resulting from inadequate systems or processes or methodologies, management responsibility failure, inadequate or inappropriate controls, fraud, and/or human errors/actions.	Fraud and Corruption Prevalent in the Corporation.
FINANCIAL RISKS	CREDIT RISK	Risks that a counterparty or client not fulfilling its financial or contractual obligations or not delivering suitable value when due, i.e. treasury investments that mature.
	MARKET RISK	Risks that changes in financial market variables such as market prices or foreign exchange, or interest rates will negatively affect, impair, or reduce the general realisable value of a portfolio or investment or financial instrument.
	LIQUIDITY RISK	Risks that BPC may have insufficient funds or marketable securities available or access to suitable funding to timely fulfil its cash flow obligations.
MANAGERIAL/PROFESSIONAL RISKS		Risks that BPC failing to meet its mandate and/or its goals and objectives due to a lack of critical skills capacity.
REPUTATION RISK		Risks of damaging or impairing BPC's image, shareholders, Board of Directors, Chief Executive Officer, Directors, Senior Management, Management and/or employees due to an action, non-action, and/or inappropriate action with negative implications.
PROJECT RISK		Risks of exceeding budgets or projects not meeting key objectives or critical path deadlines, outputs, responsibilities or intended requirements/results.

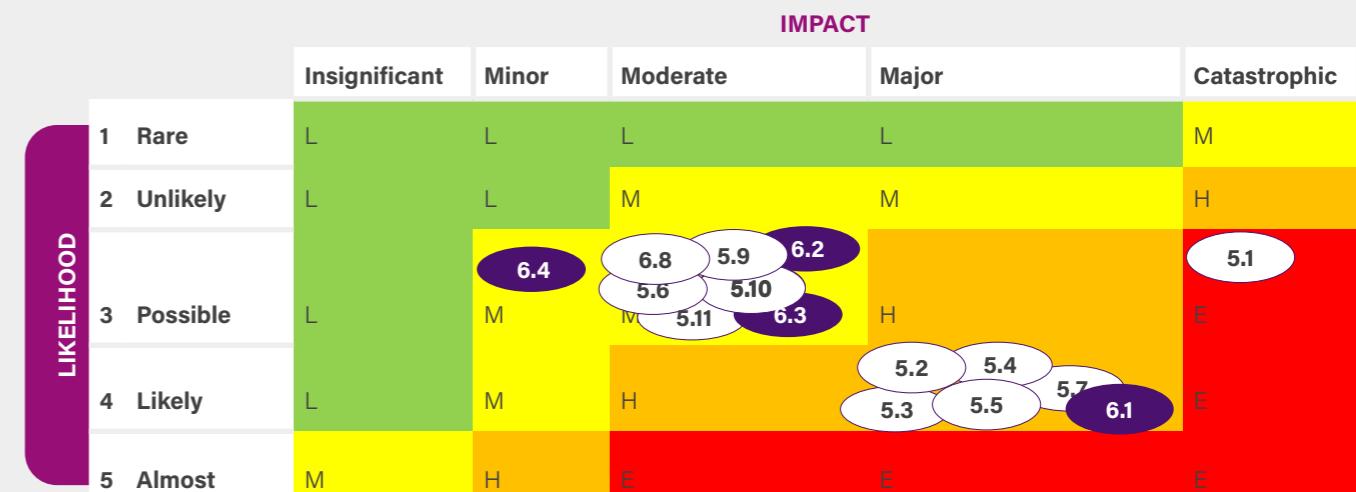
SHER Department continued

BPC Key Strategic Risks 2023/24

RISK	MITIGATION
1. Weak Liquidity	<ul style="list-style-type: none"> Improve debt collection. Improve internal generation Improve cost management. Balance sheet restructuring. Annual tariff increases.
2. Inadequate power generation due to delays in remediation and machinery failure leading to the security of power risk (MBPS)	<ul style="list-style-type: none"> The EPC contractor is required to include safeguard provisions within its contracts to ensure that the contractor executes the project by engaging qualified subcontractors, using good quality materials, and implementing quality control/assurance measures. Enforce quality control measures on equipment/material and workmanship for manufacturing and site construction. Conduct comprehensive design reviews.
3. Disturbance Leading to national Blackout	<ul style="list-style-type: none"> Improved availability and reliability of generation Improved SCADA visibility Network protection grading & enhancements
4. Security of Supply due to Eskom Firm Contract ending	<ul style="list-style-type: none"> Improve Plant's availability and reliability. Source alternative power and firm contracts from other SAPP members.
5. Inability to access an alternative source of funding (Over-indebtedness)	<ul style="list-style-type: none"> Annual engagement with Moody's, to get a favourable credit rating before listing any bonds in financial markets. Securing Government financial support until the Corporation's liquidity is sustainable. Government to commit to financing the annual forecasted shortfall.
6. Increased cybersecurity threats, including Malware and Spyware	<ul style="list-style-type: none"> Updating Anti-Virus Software on all workstations. Backing up all drives and confidential data at diverse locations. Maintaining Patch Updates at regular intervals. Installing File and System Integrity Monitoring Software on all systems. Maintaining all Data Security Compliance Policies. Use Email and Endpoint Protections. Use a Stronger Password System.
7. Lack of Business Continuity Management	<ul style="list-style-type: none"> Review BPC Disaster Recovery Plan. Develop and Implement BPC Business Continuity Plans. Install new ICTS infrastructure to provide capacity for test service restorations.
8. Diversification of Power Generation to ensure an Energy Mix for the Corporation	<ul style="list-style-type: none"> Put tenders on the market for Solar PV to ensure there is an adequate power mix in line with the Maduo Strategy.
9. Market Risk - Negative Impact on business due to external factors	<ul style="list-style-type: none"> Insourcing some services. Update the supply database with local suppliers. Supplier Stakeholder Engagement. Prioritisation of procurement for business operations.
10. Under investment in transmission and distribution infrastructure development in line with the demand growth, leading to inadequate network capacity in the medium to long term	<ul style="list-style-type: none"> Develop and implement sound long-term network plans based on up-to-date demand forecasts. Develop and execute a comprehensive transmission and distribution maintenance plan based on an appropriate maintenance philosophy supported by a maintenance management system. Conduct a comprehensive review of the transmission and distribution infrastructure and execute urgent measures to restore critical equipment out of service on the transmission grid and address main bottlenecks on the distribution network. Implement transmission and distribution development projects as determined through the 10-year transmission and distribution network development study.
11. Inability to attract and retain talent	<ul style="list-style-type: none"> Align pay structure with remuneration policy for market competitiveness. Implement the Attraction and Retention Strategy. Implement the Succession Plan.

Key Operational

RISK	MITIGATION
Delayed Supply of Materials for Customer Connections	<ul style="list-style-type: none"> Supplier stakeholder engagement. Prioritisation of procurement for business operations.
Inadequate contractor management leading to low compliance with SHE requirements	<ul style="list-style-type: none"> Review of BPC SHE management system. Contractor Management (Compliance Reviews). Ensure Stringent Pre-qualification requirements.
High incidence of fires at MBPS and MAPS leading to a potentially major business interruption risk	<ul style="list-style-type: none"> Reinstate the functionality of the dust extraction system to mitigate against potential fire and health risks. Closure of major recommendations from past Risk Surveys. Fire management training (Fire engine operators, Fire team members, Marshalls, etc.). Review the incentive for the fire team to ensure there is better buy-in. Engage Minimax to fix the MBPS fire system.
Negative impact on the Corporation due to changes to major amendments in legislation that the Corporation must comply with due to a low compliance culture and maturity	<ul style="list-style-type: none"> Assess the impact of the change in legislation, propose changes to the business model or operations to minimise risk. Awareness campaigns on staff changes. Compliance Risk Assessments. Advise the business on changes in legislation on processes.



Risk Heat Map

Key Activities during the 23/24 financial year:

- Review the BPC Risk Assurance Framework to align with the latest trends and standards.
- ITT for Enterprise Risk Management Services.
- Insurance adequacy review.
- Insurance Structure Review (to come up with an alternative risk solution).
- Implementation of Business Continuity Management in line with changes in structure.
- Risk Assessments in line with the objectives of the Maduo Strategy.
- Review the departmental structure and roles in line with the demands of the new strategy.

DEPARTMENT

INTERNAL
AUDIT

SIGNIFICANT AUDIT FINDINGS ARE PRESENTED TO THE BOARD AUDIT AND RISK COMMITTEE QUARTERLY AND SUBSEQUENTLY TO THE FULL BOARD AT THEIR QUARTERLY MEETINGS.

The Corporation has observed a growing awareness of good ethical behaviour, as evidenced by the continued use of the whistleblowing reporting line, which operates outside the chain of command, and the Directorate on Economic Crime and Corruption.

DEPARTMENTAL MANDATE

The Corporation maintains an autonomous Internal Audit function, with administrative reporting directly to the Chief Executive Officer and functional reporting to the Board Audit and Risk Committee (BARC). This dual reporting framework ensures the structural independence of the department, enabling it to deliver objective assurance. Serving as vigilant observers of the organisation's operations, the Internal Audit function acts as the eyes and ears of the Board, offering assurance on governance, enterprise risk management, and control processes that are crucial for advancing the Corporation's strategic objectives.

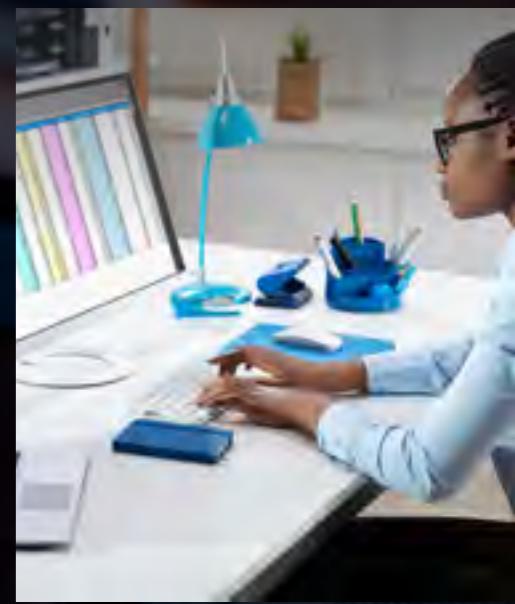
The Internal Audit Department operates under the authority of a Board-approved Internal Audit Charter, which grants unrestricted access to conduct assurance, advisory, and specialised assignments.

Departmental Design

Within the Internal Audit Department, two distinct functional streams have been established to provide audit services in defined scope areas.

IT Audit Unit

The IT Audit Unit is responsible for conducting IT audits to assess the performance and integrity of information technology systems. This unit evaluates the sufficiency and efficiency of information and industrial technology governance, risk management, and overall controls. It provides independent assurance to the Board and management regarding the reliability and integrity of IT systems and data. Additionally, it supports the Internal Audit Department's analytical demands.



FIELD AUDIT TEAMS

The Field Teams Unit is established to cover three key areas that encompass:

1 | OPERATIONAL AUDITS

2 | FINANCIAL AUDITS

3 | SPECIAL ASSIGNMENTS

The Internal Audit Department uses a risk-based audit methodology in developing the Internal Audit annual plan. The methodology recognises the dynamic nature of the Corporation's risk profile and responds accordingly during the financial year. The adopted method ensures that the assurance plan implementation is influenced by the current risk assurance demand. The scope of the Internal Audit extends to all property, personnel, and activities of the Corporation.

Assurance Plan Achievement

The key audit areas covered include Information Technology, Network Security, Billing, Metering, Transmission and Distribution Supervisory Control and Data Acquisition, Billing Systems, Procurement, Tender Review, Information Technology Continuity Planning, Industrial Relations, Third-Party Management, Accounts Payable, Payroll, One-Time Vendor, Cyber Security, Software Licensing, Distribution Small Works Rates, Human Resources Services, Enterprise Risk Management, Regulatory Compliance, IT Governance, Overtime, and Operating Systems. The annual plan was 85% completed, while the outstanding projects were rolled into the FY2024/25.

The Annual Audit Plan for the upcoming year 2024/25 includes significant changes in the audit methodology, specifically the transition to a continuous auditing process. This methodology is timely and relevant in addressing the challenges presented by big data within the digitised Corporation. It enables the department to enhance the depth and breadth of assurance coverage through improved frequent visibility at a control and process level.

Continuous Auditing Program

Internal Audit monitors the performance of key controls in several areas monthly to enhance the early detection of control deviations and ensure timely remediation. Key stakeholders routinely receive monthly exception reports to address deviations promptly and remediate them to prevent future occurrences. The areas targeted for the continuous audit program include Inventory Control Management, Fixed Asset Management, Purchase Order Management, Cash Management, Accounts Payable, General Journals, Vendor Management, Salaries and Payroll, Controlling, Customer Service, and Device Management.

Quality Assurance and Improvement Program

The Internal Audit is in the infancy of its quality assurance and improvement program. The implementation of the quality assurance program is in its procurement phase.

Enterprise Risk Assurance

The department conducted a comprehensive annual risk assessment to validate the currency and relevance of the Corporation's risk profile. This exercise is undertaken to inform, identify, and prioritise key risks affecting the Corporation, and to assist in improving the effectiveness of its risk management programme in supporting the strategic agenda. The assessment was carried out using a bottom-up approach.

Stakeholder Engagement

Open and transparent communication was maintained with management, the Board of directors, regulatory authorities, and other stakeholders to ensure that audit objectives aligned with organisational goals and stakeholder expectations.

Board Audit and Risk Committee

Significant Audit Findings are presented to the Board Audit and Risk Committee quarterly and subsequently to the full Board at their quarterly meetings. Management's corrective actions are periodically tracked, and the status is discussed with executive management. The Board Audit and Risk Committee receives a quarterly update on the status of all open and closed audit issues.

Monitoring of Audit Outcomes

The Department monitored the implementation of previous audit recommendations and observed improvements in internal controls, compliance processes, and operational performance across various departments. The tracking of management corrective action is automated to enhance process efficiency. Open issues are tracked fortnightly and monthly. Internal Audit reports management's progress on the closure of open issues to the Board Audit and Risk Committee.

Issues due for closure in the current year stood at 204, consisting of 198 closed and six overdue, resulting in a closure rate of 97%. There has been a decline in the closure of Audit Issues from 100% to 97% of total audit issues in 2022/23 and 2023/24, respectively.

Evolution of the Department

The Internal Audit Department intends to establish a Technical Audit Unit to address the demands of its core operations: Generation, Transmission, and Distribution. This assurance appetite and risk profile of the Corporation as an asset-heavy entity has consistently demonstrated a significant need to close this gap. Furthermore, the IT Audit Unit will have a dedicated Analytics Resource Team to optimise the utilisation of Internal Audit resources and its audit technologies. BPC will achieve this additional assurance service by reorganising the existing functional configuration and resources.

Whistleblowing

The Corporation has observed a growing awareness of good ethical behaviour, as evidenced by the continued use of the whistleblowing reporting line, which operates outside the chain of command, and the Directorate on Economic Crime and Corruption. BPC continues to engage with its stakeholders to promote whistleblowing. A total of seven allegations were received by the Corporation through its whistleblowing reporting channels in 2023/24. All allegations were investigated and resolved as of 31 March 2024.

The Annual Audit Plan for the coming year 2024/25 includes significant changes in the audit methodology, incorporating a transition to a continuous auditing process. This methodology is timely and relevant in addressing the challenges posed by big data within the digitised Corporation. It allows the department to enhance the depth and breadth of assurance coverage through improved frequent assurance visibility at the control and process levels.

Conclusion

In conclusion, the Internal Audit Department remains committed to promoting accountability, transparency, and operational excellence within BPC. We will continue to collaborate closely with management and stakeholders to address the gaps between assurance demands and expectations in the Corporation.

DEPARTMENT

INFORMATION & COMMUNICATION TECHNOLOGY

The Information and Communications Technology (ICT) department is tasked with developing and supervising the implementation of digital transformation initiatives within BPC and managing information systems and cybersecurity across the organisation. Its mandate encompasses facilitating effective convergence between Information Technology and Operational Technology (IT/OT), processes, and personnel. This department was established in 2023, having previously reported to the Finance Department at a sectional level.

Overall, the ICT department concluded its nearly year-long journey filled with achieved goals and surmounted obstacles. More effort was directed towards building foundational structures, ensuring significant progress on key projects that enhance access to technology resources and upgrade services to meet the needs of the entire BPC community. This has established a solid base for future progress. The department continues to drive the Maduo26 Strategy through its objective of "Establishing Digital BPC."

The department is currently composed of the following sections:

1 |
INFORMATION & COMMUNICATION TECHNOLOGY

2 |
KNOWLEDGE MANAGEMENT



CYBERSECURITY CONTINUES TO BE CRUCIAL WITHIN THE CORPORATION AND, AS PART OF THE BROADER AWARENESS AMONG EMPLOYEES AND STAKEHOLDERS, THE DEPARTMENT INITIATED A CYBERSECURITY AWARENESS PROGRAMME FOR ALL ITS EMPLOYEES IN THE REPORTING YEAR.

ICT Department continued

INFORMATION & COMMUNICATION TECHNOLOGY (ICT)

The ICT section within the department is responsible for leading the Corporation's digital transformation initiatives by providing digital solutions that optimise electricity supply, enhance customer experience, and improve financial platforms and internal digital solutions for improving operational efficiencies and sustainability. The department recognises that digital transformation at BPC is crucial for the organisation's future to ensure value is derived from emerging technological trends in power utilities. This will be accomplished by placing people, the ecosystem, and value at the forefront.



Key Technology Initiatives

The department deployed technology solutions aimed at improving efficiencies and the digitalisation drive across customer experience (CX), user and employee experience (UEX), and operational technology (OT). This has led to the enhancement project for the BPC Contact Centre being an ongoing strategy to develop a fully omnichannel and self-service platform. The integration of menu-driven social media channels and an AI Chatbot has improved access to the contact centre, ensuring customers can use their preferred media to contact BPC. More channels will be introduced to fully digitalise BPC's CX space in the coming year. Regarding UEX, the department rolled out additional collaboration tools and devices, such as Microsoft Viva and Employee Self-Service kiosks, as part of an extended internal employee collaboration and information systems access initiative for all. The department has also initiated a project that will be implemented in the coming year to establish a fully functional user-experience-based internal IT Service desk environment based on COBIT, emphasising IT governance, risk management, and compliance.

Other completed projects included the Enterprise Assets Management platform and the ongoing improvement of the electricity vending system, which has seen increased availability in the reporting year. These were also crucial for preparing the

Token Identifier (TID) rollover and ensuring compliance for all STS-compliant meters to meet the November 2024 deadline for upgrading all meters to STS2.

Cyber Security

Cybersecurity continues to be crucial within the Corporation and, as part of the broader awareness among employees and stakeholders, the department initiated a cybersecurity awareness programme for all its employees in the reporting year. A training program was developed with a strategic approach to educate employees and stakeholders on the importance of cybersecurity and data privacy. The ultimate objective is to enhance cybersecurity awareness among employees and reduce the risks associated with cyberthreats as part of a holistic approach to the programme.

Digital Transformation Strategy

In line with the Maduo26 Strategy's objective of "Establishing a digital BPC," the department has initiated the development of a digital transformation strategy, as the Corporation needs to delve more into data-driven operations, decision-making, and other resultant technologies powered by artificial intelligence, robotics, the deployment of intelligent grid technologies, and various cloud computing technologies. This initiative also aims to assist the Corporation in achieving its sustainability goals.

KNOWLEDGE MANAGEMENT

The Knowledge Management section is responsible for Records Management, Document Management, and Information Resources Management (Library Services and Knowledge Management). This section's role is to effectively manage and utilise knowledge and information assets as a value-added contribution to enhanced organisational performance.

The section is currently developing a Knowledge and Information Management Strategy for the Corporation. This development marks a pivotal moment for BPC as it embarks on initiatives such as optimising processes and transitioning to digital solutions. At its core, this strategy aims to redefine how the Corporation harnesses and utilises both documented and undocumented knowledge and information assets within its operations to drive transformation and enhance efficiency. By systematically managing its knowledge and information assets, the strategy seeks to uncover opportunities for improvement and optimisation across various facets of the Corporation while also managing its risks.



THE PROCUREMENT OVERSIGHT UNIT (POU)

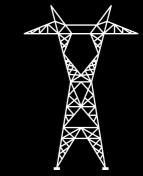
1. INTRODUCTION

All public procurement transactions are now governed by the Public Procurement Act (the "Act") of 2021. The Act applies to all public bodies, parastatals, and statutory bodies except where exempted by the Minister. The Botswana Power Corporation (BPC), as a parastatal, is obligated by law to comply with the Act.

The Act mandates the establishment of the Procurement Oversight Unit (POU) by the Chief Executive Officer as the Accounting Officer (AO), consisting of such members of employees as the AO may determine. Therefore, the establishment of a POU complies with statutory obligations to provide an effective control environment to oversee the procurement functions in the Corporation. The POU exercises its functions independently and reports directly to the Chief Executive Officer to ensure its independence and to safeguard the integrity of the procurement process.

TENDERS:

175 TENDERS
VALUED AT
P2,880,339,741.21
WERE ADJUDICATED AND
AWARDED COMPARED TO
P1,566,895,258.79 IN THE
PRIOR YEAR.



POU Department continued

2. FUNCTIONS OF THE PROCUREMENT OVERSIGHT UNIT

2.1 Advisory Role

The Unit is the principal advisor to an AO on any procurement matter falling within the scope of the Act and its regulations. This includes advice on the application of procurement laws, best practices, and ethical standards to ensure value for money, fairness, integrity, transparency, and public confidence in procurement activities of the Corporation.

2.2 Compliance Monitoring

The POU ensures that all procurement activities are conducted under the provisions of the Act. It encompasses assessing the adequacy and effectiveness of the internal controls to mitigate the identified risks.

2.3 Pre-adjudication of tenders

The unit is responsible for the pre-adjudication, recommendation of an award, rejection, cancellation, or any other appropriate recommendation for all tenders.

3. TENDERS PENDING APPEALS AND COMPLAINTS

There were three pending tender appeals and complaints at the end of the financial year. Only one tender related to the current financial year, while the other two related to the prior year. All the matters are either with the Courts of Law or the Public Procurement Tribunal. In the prior financial year, there were a total of four ongoing appeals and complaints.

175 tenders valued at P2,880,339,741.21 were adjudicated and awarded compared to P1,566,895,258.79 in the prior year. BPC's procurement process complies with citizen economic empowerment initiatives by expressly targeting 100% citizen-owned companies as the norm and only in exceptional circumstances, inviting foreign-owned companies upon fulfilment of a set of criteria. Additionally, non-citizen-owned companies are, in some instances, compelled to subcontract some of the work to 100% citizen-owned companies.

4. DEVELOPMENT OF CITIZEN CONTRACTORS

The Corporation prides itself on its impressive track record in the development of citizen contractors, as evidenced by engagement of citizen contractors and consultants in the Distribution Small Works Contractors (DSWC) Programme and the Distribution Citizens Contractors Programme (DCCP) in works valued at P1.257 billion during the year under review.



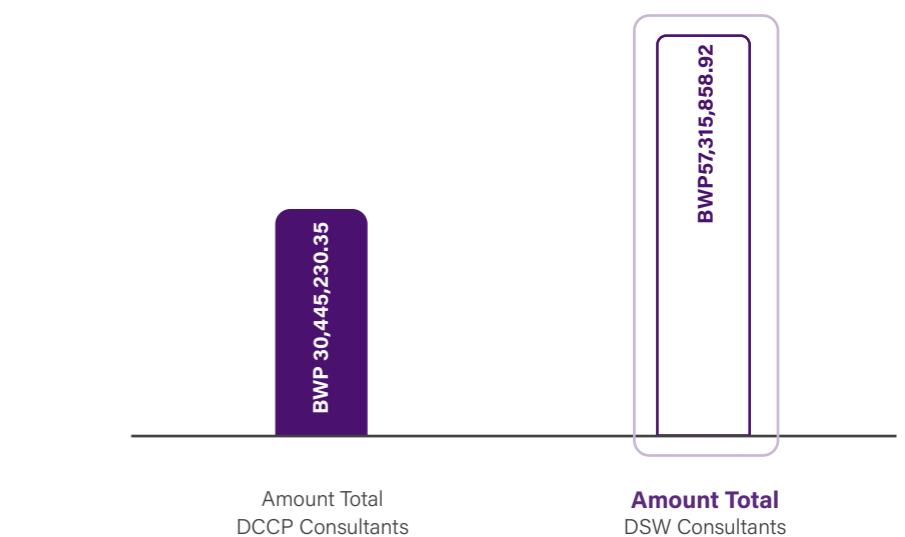
Figure 29: Works Done by Contractors

Works Done - DCCP & DSW Contractors



Figure 30: Works Done by Consultants

Works Done - DCCP & DSW Consultants



5. FUTURE PROJECTS AND EXPECTED IMPACTS

Future procurement initiatives will focus on optimising procurement processes to ensure greater efficiency, transparency, and cost-effectiveness. Key expansion projects include:

- Digital Transformation:** Introducing e-procurement platforms to streamline tendering processes, supplier management, and documentation workflows.
- Enhanced local economic empowerment** through targeted procurement policies.

SUSTAINABILITY REPORT

Sustainability Report

118



SUSTAINABLE DEVELOPMENT GOALS

As a strategic asset of the government, Botswana Power Corporation aligns with the Botswana Government Vision 2036 roadmap, which outlines the Government's approach to addressing the United Nations Sustainable Development Goals (SDGs). Moreover, Botswana's Integrated Resource Plan for energy is wholly based on sustainability, reflecting how sustainability has become essential to the Corporation's existence.

To showcase the Corporation's commitment to sustainability, this report covers the following SDG goals:

	SDG 3: Good Health and Well-being
	SDG 5: Gender Equality
	SDG 7: Affordable and Clean Energy
	SDG 8: Decent Work and Economic Growth
	SDG 12: Responsible Consumption and Production



BOTSWANA POWER CORPORATION SUPPORTS THE SUSTAINABLE DEVELOPMENT GOALS



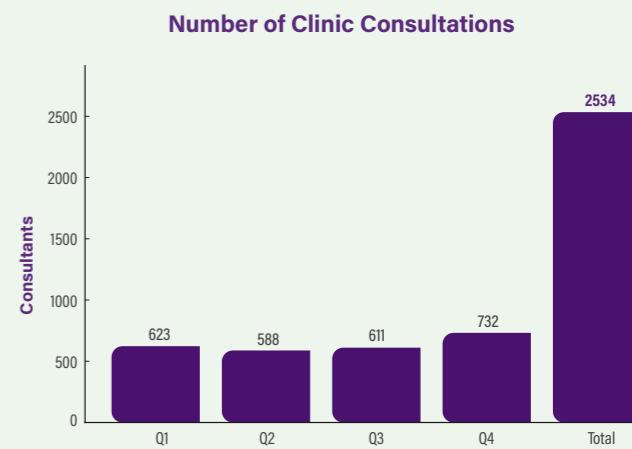
SDG 3 – GOOD HEALTH AND WELL-BEING

As guided by SDG 3: Good Health and Well-being, BPC has established an employee health and wellness program to promote a work-life balance culture amongst its employees. The Corporation Wellness section provides an array of curative, psychosocial, and physical wellness services, along with economic services such as financial literacy, to promote health, fitness and exercise amongst employees, thereby saving money on health care costs, increasing productivity and reducing absenteeism within the Corporation. Additionally, primary health care provision and occupational health services at the power station clinics reinforce the significance of a healthy workforce.

PRIMARY HEALTH CARE/CLINIC OPERATIONS

Morupule Power Clinics exist to provide primary health care services and respond to the occupational health needs of the Corporation. The clinics serve both BPC employees and contractors at the two power plants. This service is extended to the other BPC departments outside Morupule Power Stations on clinical matters, which include periodic medical examinations. The clinic consultations on various medical concerns during the period under review are presented below:

Figure 31: Clinic Consultants



The Corporation engaged a medical doctor at Morupule Power Station clinics to improve the health care service provision and reduce lost production hours, as it eased the management of IOD, resulting in quick recovery and a return-to-work period.

FITNESS AND EXERCISE ACTIVITIES

In an effort to promote fitness and the adoption of positive lifestyles, the Corporation continues to enrol and sponsor participation by its employees at the various fitness and health promotion activities. These included the Diacore Gaborone Marathon, the Orange Marathon held in Selebi Phikwe, the Palapye Marathon, the Kazungula Bridge Marathon, and the BTC Marathon held annually in Francistown.

Sustainability Report continued



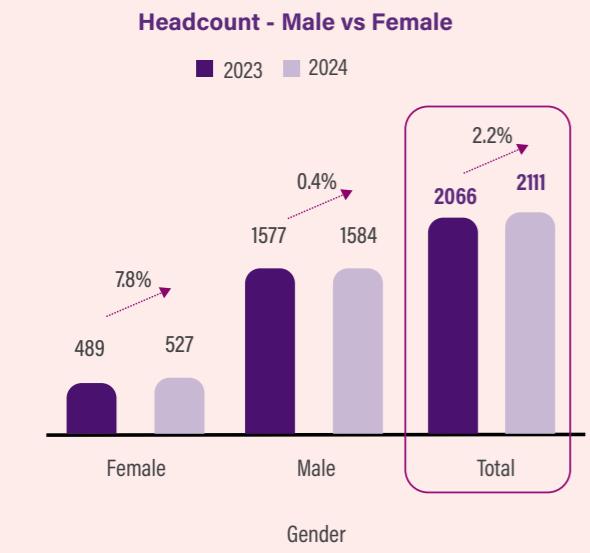
SDG 5 - GENDER EQUALITY

The Corporation recognises that gender equality is not only a fundamental human right, but a foundation for a peaceful, prosperous and sustainable world. BPC continues to create equal employment opportunities for both women and men across all levels.

Due to the nature of its operations, one of the scarce skills within the Corporation is engineering, which remains a male-dominated profession. BPC continues to implement targeted interventions to improve the ratio of female to male employees and has therefore devoted considerable effort to training and providing employment opportunities to females at both operational and executive levels.

The figure below indicates a graphical presentation of the total headcount for 2023 and 2024 by gender.

Figure 32: Headcount



The figures above indicate that there was a total headcount increase of 2.2% from 2023 to 2024. The number of female employees increased from 449 to 559, translating to a 7.8% increase in the twelve-month period compared to an increase of 0.4% of male employees during the same period.

Improving executive management gender diversity remains a focus area for the Corporation.



The table below represents Executive Management headcount by gender.

Executive Management Headcount as at 31.03.2024

EXECUTIVE MANAGEMENT HEADCOUNT - 31.03.2024

FEMALE	MALE	TOTAL
3	8	11

The table above indicates that 27% of the Executive Management team is female. Prospective female employees continue to be offered acting opportunities at the executive management level as part of their empowerment and growth.



7 AFFORDABLE AND CLEAN ENERGY



SDG 7 - AFFORDABLE AND CLEAN ENERGY

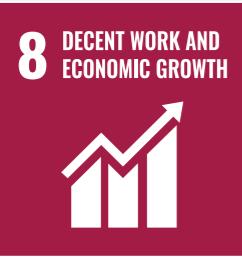
Increasing access to and affordability of electricity is central to the Corporation. Through BPC, the Government supports and provides funding for the following programmes to ensure that communities have access to affordable and clean energy:

1.1 Rural Electrification Programme: Funded by the Government to give rural areas access to electricity, this programme plays an important role in the social and economic development of these areas. The Corporation embarked on a new programme in February 2022 following budget approval of P50 million by the Ministry of Minerals and Energy. Notably, all 66 village rural electrification projects were completed by the end of the year.

1.2 National Electricity Standard Cost: This ongoing programme was introduced on 1 October 2010. It allows scheme participants to pay a standard charge of P5,000 for a connection. Connection fees for the disadvantaged (earning less than P3,000 per month) were also reduced from P5,000 to P2,500. The Corporation claims the difference between this standard charge and the actual cost of the connection from the National Electricity Fund. In FY 2023/24, there were 13,891 beneficiaries.

1.3 Solar PV Development: The Corporation is committed to increasing its renewable energy output. In FY 2023/24, the Corporation has managed to achieve the commissioning of the Bobonong and Shakwe Small Scale Projects with a total capacity of 4MW. These are independent power producers. In the same year, the Corporation reached Financial Close for the first 50MW Solar PV Project located at Mmadinare. The successful completion of this milestone has paved the way for the commencement of construction works, which will see the country experience its first utility-scale project. The Project is expected to reach Commercial Operation Date in the next Financial Year. There are larger-scale solar PV systems in the pipeline at Selebi Phikwe and Jwaneng. The Jwaneng 100MW Utility Scale Solar PV Project, as well as the Mmadinare 50MW Phase 2 Solar Project, are expected to reach financial close in the next financial year.

Sustainability Report continued



SDG 8 – DECENT WORK AND ECONOMIC GROWTH

The Corporation complies with the government-set guidelines and regulations to promote citizen economic empowerment and upscale job creation. The approved establishment for the FY 2023/24 was 2,374, with the addition of one position for Procurement Oversight Manager, and the headcount was 2,227 as of 31st March 2024, with close to 100% being citizens. The above is a testament to BPC's commitment to providing employment opportunities to Batswana nationals, as the staff complement consists predominantly of local citizens.



SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

Safety and Environment

In an endeavour to improve Safety, Health, Environment, and Risk Management Standards throughout the organisation, BPC continues to make strides in upholding the safety of its employees and service providers, coupled with efforts to protect the biophysical environment where it operates.

In the previous year, BPC has embarked on a key strategic initiative of implementing a newly adopted operational model, an integrated SHE Management system, which is aligned and enshrined in the international best practice of ISO14001:2015 (Environmental Management Systems) and ISO 45001:2018 (Occupational Health & Safety). It is against the above background that the Corporate SHE Policy and SHE Management system were under review this reporting period to allow for a smooth transition to the new SHE Management system and to also place the Corporation in a better position for acquiring certification.

For this reporting period, significant activities aimed at improving Safety, Health, Environment and Risk Management Standards across the corporation were embarked on.

Integrated SHE Management System Project

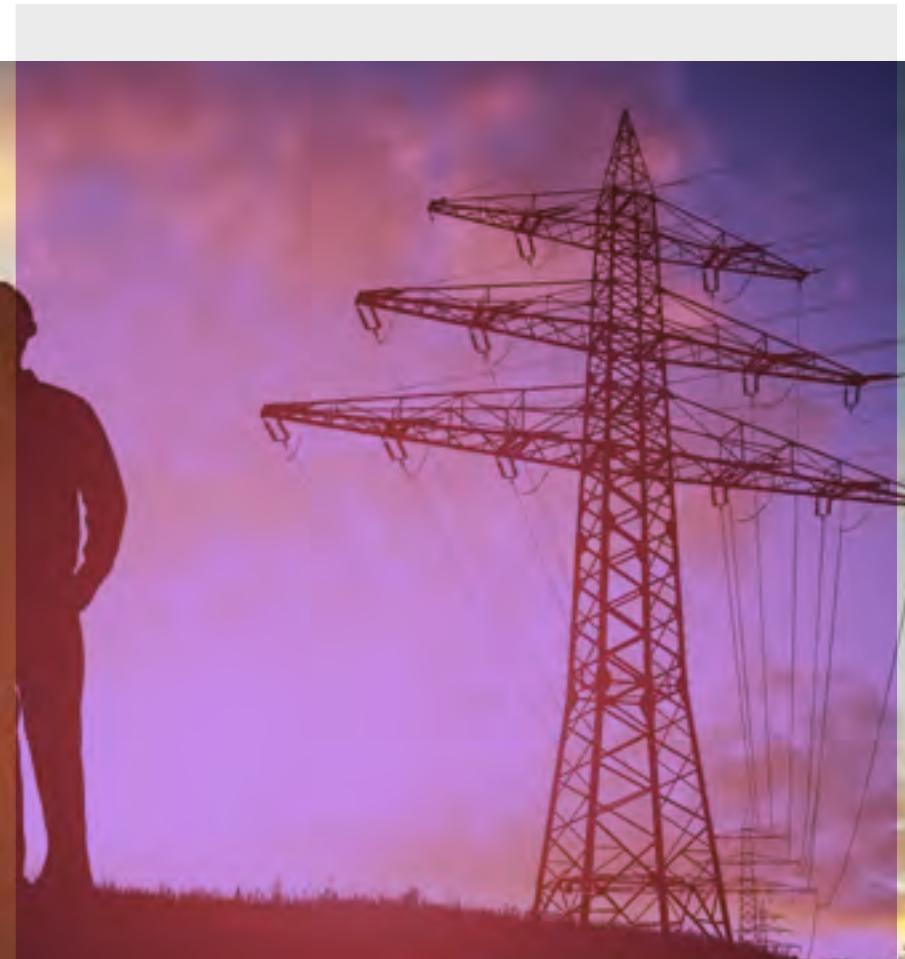
In line with industry best practices and global business dynamics, the Corporation has decided to adopt an integrated management system based on ISO 14001:2015 (Environment) and ISO 45001:2018 (Occupational Health and Safety).

Phase 1:

Review of BPC SHE Management System - with the main goal being to ensure BPC SHEMS conforms to BPC's requirements and best practice requirements in line with the ISO Standards viz: ISO 14001:2015 and ISO 45001:2018. The New SHE Manual and SHE Policy were launched in November 2023.

Phase 2:

Acquire Certification on ISO 14001:2015 and ISO 45001:2018.
The final certification is planned for the end of Q4 2024/25.



O SHAP CAMPAIGN

BPC consistently reviews its management processes to focus its efforts to minimise operational risks, protect the workforce, the environment and the business concerning the Zero Harm value. "O SHAP" is a Campaign geared towards introspecting, reviewing and identifying grey areas for Zero Harm and continual improvement. "O SHAP" is a process intervention to accelerate the Zero Harm journey towards operational efficiency and build a world-class organisational SHE culture. The primary goal of this intervention was to further entrench the Zero Harm value amongst the general workforce and become an integral part of production work ethics.

Environmental Management Initiatives

- A proactive initiative to encourage the public to report defective equipment and conduct preventative maintenance on transformer equipment leaking oils and causing environmental pollution.
- Morupule Plant registration of plant stacks is currently being undertaken, waiting for the installation and commissioning of MAPS Continuous Emission Monitoring System (CEMS), and MBPS CEMS verification as per BOS 807: 2019.
- The implemented BPC Vegetation Management Plan provides guidelines for managing vegetation near powerline servitudes. Understanding the many vegetation biomes, ecoregions, and protected species in Botswana is necessary for sustainably managing vegetation under powerline servitudes.

Occupational Hygiene Programme

Occupational Hygiene Surveys were undertaken across various BPC facilities to proactively identify and mitigate occupational-related illness. The recommendations from the findings of the surveys are being implemented and tracked.



CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement	126
Compliance Statement	127
Board Organisation and Structure	127
Remuneration Report	132
Application of the King IV Code Principles 2022	134

Corporate Governance continued

CORPORATE GOVERNANCE STATEMENT

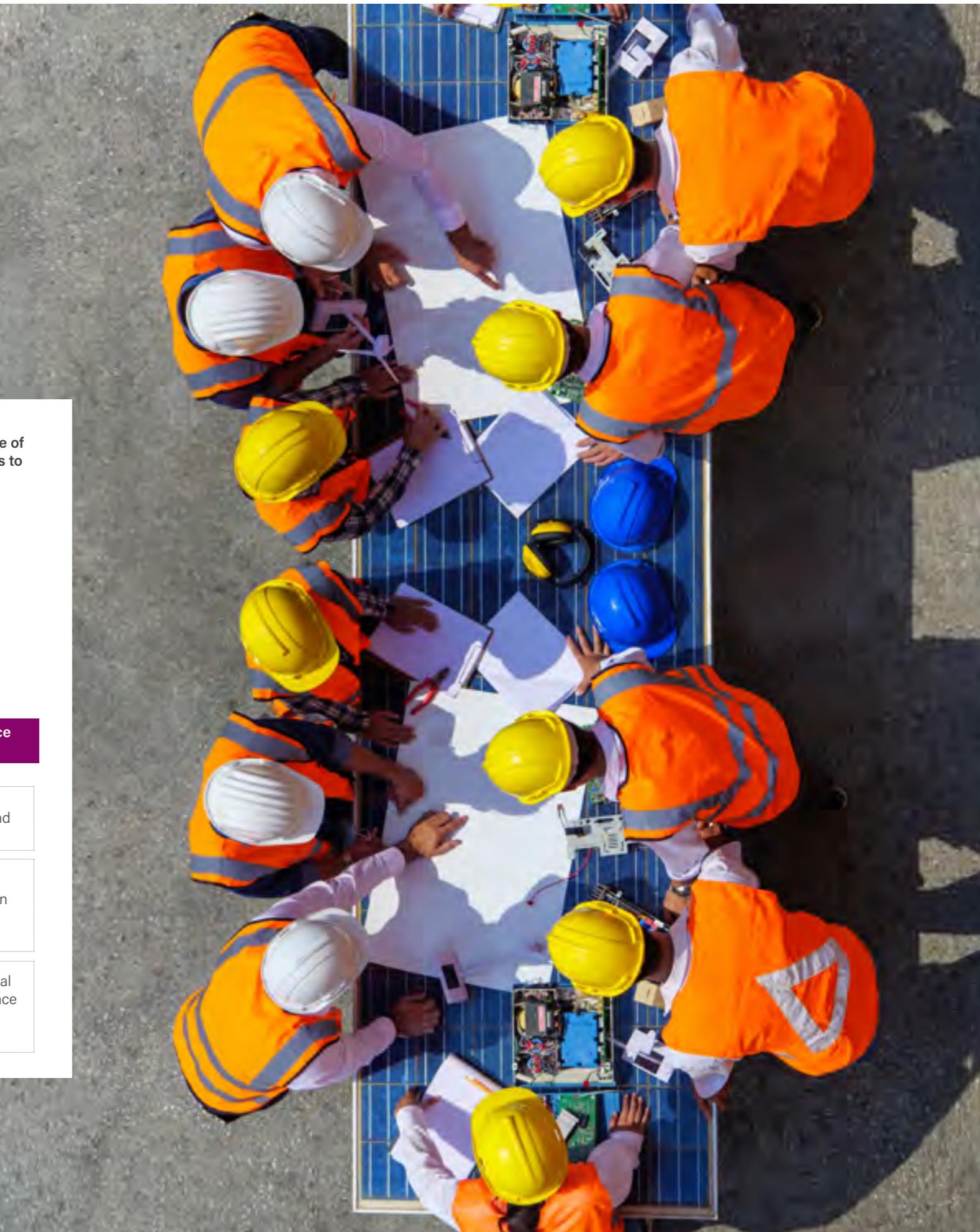
Botswana Power Corporation (BPC) is committed to the highest standards of business integrity, ethical values and professionalism in all its activities. The Corporation places strong emphasis on upholding the highest principles of business ethics and corporate governance. The Corporation recognises that adhering to sound principles of corporate governance is key to earning and maintaining stakeholder trust and achieving its performance goals.

The BPC Board is committed to the practice of good corporate governance and subscribes to the following:

- 1 The King IV Code
- 2 The Botswana Power Corporation Act
- 3 The International Financial Reporting Standards.

BPC's approach to corporate governance ensures that:

- Appropriate business and financial risk management are carried out and disclosed
- All stakeholders are provided with clear, concise and timely information about the Corporation's operations and results
- The Corporation recognises its social responsibility and provides assistance and development support to the communities in which it operates.



COMPLIANCE STATEMENT

Botswana Power Corporation (BPC) is steadfast in its commitment to regulatory compliance, sound corporate governance, and ethical conduct. These principles underpin our mandate to deliver reliable, sustainable electricity to the nation, ensuring long-term value for stakeholders and resilience in the energy sector.

During the reporting period, BPC adhered to key legislation, including the BPC Act and BPC Bye-Laws, the Electricity Supply Act, the Botswana Energy Regulatory Authority (BERA) Act and its Regulations, the Public Procurement Act and its Regulations, and applicable emissions and environmental standards. The Corporation operates under continuous regulatory oversight, including audits and investigations conducted by public authorities. During the reporting period, no adverse findings or assessments were issued, affirming BPC's adherence to applicable standards and regulatory expectations.

The Board of Directors, through the Board Audit and Risk Committee, oversees compliance and risk management. While BPC maintained a high level of regulatory compliance, the Board acknowledged instances of partial adherence, notably sulphur emissions that exceeded prescribed thresholds. Remedial actions have been implemented, alongside ongoing data protection initiatives to align with the Data Protection Act.

BPC maintains a Compliance Risk Management Plan (CRMP), regularly reviews internal policies, and promotes a culture of compliance through staff training, whistleblowing mechanisms, and ethical leadership.

The Board is satisfied that adequate measures are in place to ensure continuous improvement and alignment with legal and regulatory obligations, in support of the Corporation's strategic goals.

BOARD ORGANISATION AND STRUCTURE

The Board recognises that it is ultimately responsible for the direction of BPC through the delegation of various duties to the Chief Executive Officer and Executive Management. The Board is conscious of its obligations and accountability to the shareholder, as well as other stakeholder expectations.

In the execution of its duties the Board is guided by a Board Charter, which clearly sets out the Board's role, duties and responsibilities. The Charter provides for Board structures, procedures and processes, which assists the Board in regulating how it conducts its affairs.

COMPOSITION OF THE BOARD

The Minister of Minerals and Energy appoints the BPC Board Members and charges the Board with the responsibility of setting the direction of the Corporation's affairs. The Corporation has a unitary board structure, where the Board is comprised of exclusively non-executive members. The BPC Board is composed of eight non-executive members and a non-executive Board Chairman, in accordance with the BPC Act. This board structure ascertains that the Board maintains a high level of objectivity and independence in Board deliberations and resolutions.

Conforming to the dictates of the King (IV) Code of Governance for South Africa 2009, which is accepted by the Corporation as a sound and robust benchmark for best corporate governance practice, the roles of Board Chairman and the Chief Executive Officer are separate, with a clear role distinction and division of duties.

Corporate Governance continued

The Board members are experts in various fields, including engineering, project management, human resource management, and finance. This ensures that the strategic direction provided by the Board to the Corporation is diverse, knowledgeable, vigorous and sound.

The Board is committed to development on corporate governance matters, notwithstanding that there have not been any development initiatives in the period.

The BPC Board for the year under review was constituted by the following Members:

MEMBER	POSITION	DATE OF APPOINTMENT	END OF TERM
PROF. OBOETSWE MOTSAMAI	Chairman	01 August 2023	21 July 2027
MS LILLIAN LILLY SULLIVAN	Member	01 April 2021	31 March 2025
MR PELAELO KHOWE	Member	01 August 2023	31 July 2027
MS CHERYL RABASHWA	Member	01 April 2021	31 March 2025
MR PHODISO VALASHIA	Member	01 April 2021	31 March 2025
MR ROBERT AKANYANG	Member	01 April 2021	31 March 2025
MR MORERI SEBONEGO	Member	01 April 2021	31 March 2025
MR MOTHUSI OBATENG	Member	01 April 2021	31 March 2025
MR MOLEKO MAJAHNA	Member	01 April 2021	31 March 2025

BOARD MEETINGS

The Board meets at least four times annually to discuss matters relating to, amongst other things; strategy and performance, financial position, risk management, human resource matters, sustainability and governance. Members contribute to strategy formulation as well as monitoring and measuring the Corporation's performance and its executive management against key performance indicators.

Member	Ordinary Board Meeting	Board Finance and Investment Committee	Board and Board Audit Committee	Board and Risk Committee	Board Human Resources Committee	Board Technical Committee	Special Board Meetings	Special Board Committee Meetings	Total Sitting Allowance Earned (BWP)
PROF. OBOETSWE MOTSAMAI	4	-	-	-	-	-	8	-	128,250
MS LILLIAN LILLY SULLIVAN	3	-	1	2	4	1	3	-	135,400
MR PELAELO KHOWE	4	4	-	-	4	6	6	-	190,800
MS CHERYL RABASHWA	4	4	-	4	-	6	7	-	199,500
MR PHODISO VALASHIA	4	4	4	4	-	9	7	-	231,000
MR ROBERT AKANYANG	4	-	-	3	4	6	6	-	177,450
MR MORERI SEBONEGO	4	-	4	-	-	4	-	-	107,200
MR MOTHUSI OBATENG	4	4	4	-	-	9	4	-	184,200
MR MOLEKO MAJAHNA	4	-	-	-	3	5	3	-	134,900

BOARD COMMITTEES

In terms of Section 12 of the BPC Act and through formal resolution, the Board has set up five Committees to assist it in the execution of its oversight role. These Committees' respective Terms of Reference detailing the Committees' responsibilities and powers, are as follows:

Board Finance and Investment Committee

The Committee assists in the governance of the integrity of the Corporation's financial statements, systems and/or records. This Committee also advises the Board on all Finance matters, such as the investment of surplus funds generated by the Corporation and its financial strategy and objectives. BFIC also reviews the expertise, resources and experience of the Corporation's finance function.

Chairperson: Mr Phodiso Valashia

Member: Mr Pelaelo Khowe
Ms Cheryl Rabashwa
Mr Mothusi Obateng

Board Audit and Risk Committee

The Committee assists the Board in oversight of:

- The integrity of the Corporation's financial statements, systems and/or records
- Effective risk management and internal control systems
- The Corporation's compliance with legal and regulatory requirements
- The annual independent audit process, including engagement of the external auditor and receiving all reports and the management letter from the auditor
- The performance of the Corporation's Internal Audit Corporate Support Unit
- The appointment and supervision of the General Manager of Internal Audit.

Chairperson: Mr Mothusi Obateng

Member: Mr Moreri Sebonego
Ms Lilly Sullivan
Mr Phodiso Valashia

Board Human Resources Committee

The Board Human Resources Committee's mandate is to assist the Board in oversight of:

- The Corporation's human resources policies, strategies and plan, including but not limited to, remuneration and benefits for the Corporation's employees, inclusive of long-term incentive plans, retention targets and plans
- The appointment of Executive Management
- The Corporation's Performance Management System
- The Human Resources strategy for the Corporation.

Chairperson: Ms Cheryl Rabashwa

Member: Mr Phodiso Valashia
Ms Lilly Sullivan
Mr Robert Akanyang

Board Technical Committee

The Board Technical Committee assists the Board in oversight of the Corporation's functions of the generation, transmission, distribution and supply of electricity in Botswana, including energy projects for the acquisition or supply of electricity, contacts for the development of power infrastructure, and agreements for grid connections and wheeling of electricity (transmission use of system). The Board Technical Committee is responsible for the approval of the budget for Capital Expenditure Projects. The Committee is also responsible for oversight of the Corporation's Corporate Strategy.

Chairperson: Mr Moleko Majaha

Member: Mr Pelaelo Khowe
Mr Robert Akanyang
Ms Lilly Sullivan

Board Secretary

The Board Secretary, who is appointed in terms of the BPC Act, is responsible for providing guidance to the Chairman and Board of Directors on their duties, responsibilities and powers. The Board Secretary advises on corporate governance, legal matters and statutory compliance. The function reports to the Board functionally and to the Chief Executive Officer administratively.

Corporate Governance continued

CORPORATE GOVERNANCE FRAMEWORKS AND POLICIES

Code of Conduct and Ethics

The Corporation's Code of Conduct and Ethics Policy sets guidelines on desirable behaviours and principles of good conduct on the part of all employees of the Corporation.

Compliance with Laws and other legal requirements

The Board is cognisant of its responsibility and is explicitly committed to upholding ethical behaviour in conducting its business. The Board, through the Corporate Secretariat Department, endeavours to ensure that the Corporation complies with the laws and regulations of Botswana. The Corporation has developed compliance policies, regulatory universe and other compliance risk management tools to manage its compliance obligations.

Board of Directors' and Executive Management Declaration of Interest

The Board members and Executive Management declare their interest at every Board and Committee meeting, and all EXCO meetings, in relation to matters placed before them for deliberation and decision making in accordance with Section 9 of the Botswana Power Corporation Act. Further, the Declaration of Assets and Liabilities Act (2019) mandates Board members and EXCO to declare their interest, income, and assets and liabilities. Board remuneration is disclosed in the Integrated Annual Report.

Corporate Social Responsibility

The Corporation, with guidance from its Board, continues to uplift the communities in which it operates through its corporate social responsibility initiatives. BPC has positively impacted the lives of school children, youth, the elderly, women, and those involved in sporting activities. The Corporation made contributions to the improvement of basic education, health, and wellness through funding of beneficiary groups and individuals.

RISK MANAGEMENT AND INTERNAL CONTROLS

Combined Assurance

The Board, through delegation to Management, ensures that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the Corporation's external reports.

Through its Board Audit and Risk Committee, the combined assurance received from the external and internal auditors was appropriate to address all the significant risks facing the Corporation. The BARC monitored and supervised the effectiveness of the internal audit function and ensured that the roles and functions of external audit and internal audit were sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Corporation's systems of internal control and reporting. The committee oversaw the performance of the external auditor, approved the budget of external auditors, and approved the audited financial statements.

The Corporation has an independent Internal Audit function which administratively reports directly to the Chief Executive Officer, with a dual reporting to the Audit and Risk Committee. The Internal Audit function process provides assurance that significant risks are subjected to periodic reviews and control processes are in place, and weaknesses are identified and mitigated.

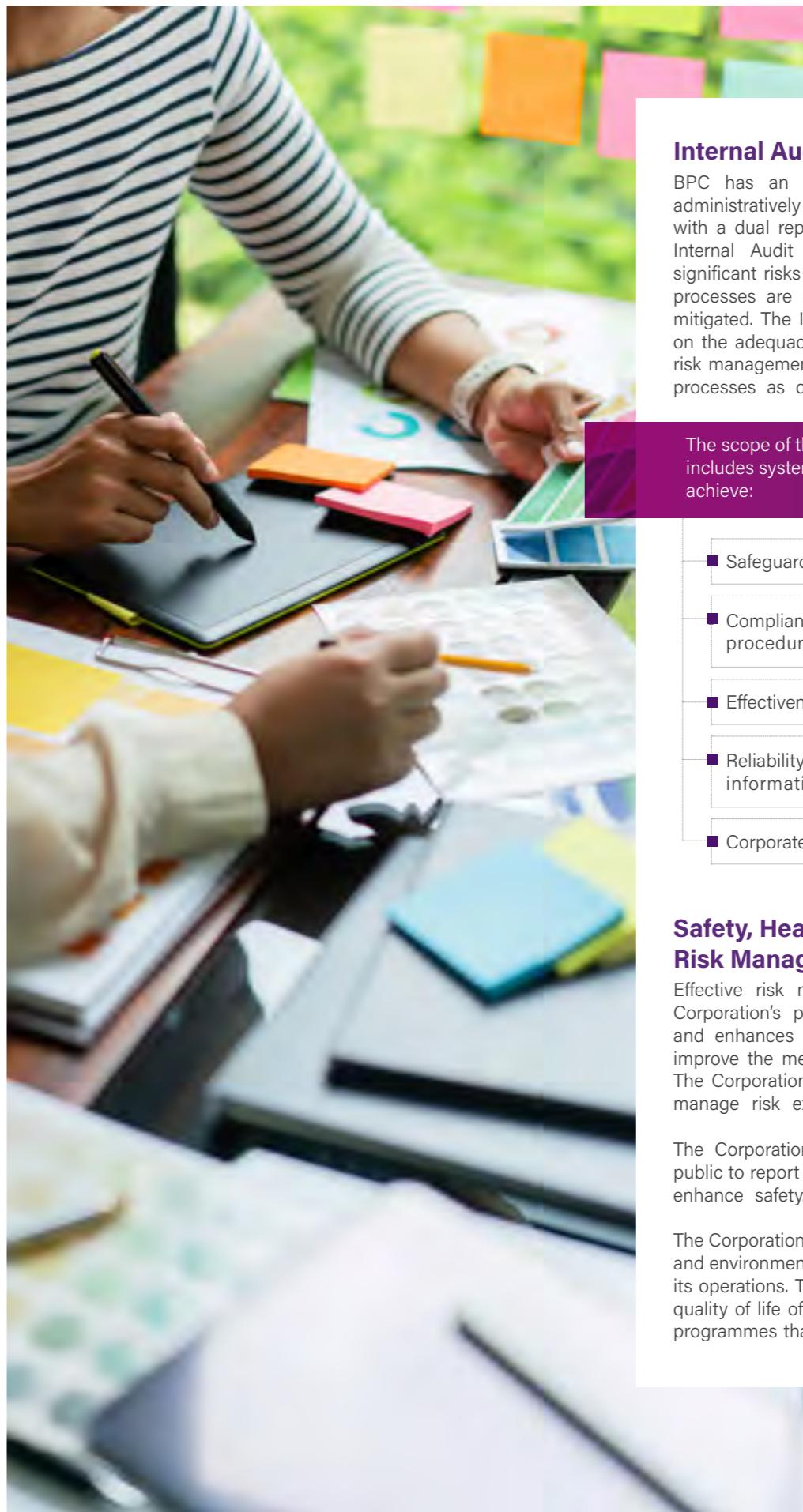
The Corporation further has a Compliance Function and an Enterprise Risk Management Unit, which periodically conduct reviews to ensure controls in place are adequate and effective and provide recommendations for mitigation of risks identified.

Internal Controls

In order to meet its responsibility of providing reliable financial information, BPC maintains financial and operational systems of internal controls. The controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that those transactions are properly authorised and recorded. External auditors report material internal control weaknesses that they identify during the course of their external audit to management and the Audit and Risk Committee. The BPC Board, through the Audit and Risk Committee, oversees the internal control system. The Corporation has an Internal Audit function that reports directly to the Audit and Risk Committee to provide assurance on the adequacy and effectiveness of controls to mitigate risks to its strategic, operational, financial and compliance objectives.

Whilst internal control systems cannot provide absolute assurance against material misstatements or loss, the Corporation's systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Corporation maintains a whistleblowing line that enables employees and the public to anonymously report any matters related to corrupt activities or unethical conduct.



Internal Audit function

BPC has an independent Internal Audit function which administratively reports directly to the Chief Executive Officer, with a dual reporting to the Audit and Risk Committee. The Internal Audit function process provides assurance that significant risks are subjected to periodic reviews and control processes are in place and weaknesses are identified and mitigated. The Internal Audit function also advises the Board on the adequacy and proper functioning of the Corporation's risk management framework, internal control and governance processes as designed by management.

The scope of the Internal Audit function is broad and includes systems of internal control that are in place to achieve:

- Safeguarding of assets
- Compliance with legislation, regulations, policies and procedures
- Effectiveness and efficiency of operations
- Reliability and integrity of financial and operational information
- Corporate objectives.

Safety, Health, Environment and Risk Management

Effective risk management is an integral function of the Corporation's processes. Management continually develops and enhances the risk and control procedures in order to improve the mechanisms for identifying and monitoring risk. The Corporation has key policies and procedures in place to manage risk exposure.

The Corporation maintains dedicated lines that enable the public to report unsafe or hazardous equipment as a means to enhance safety.

The Corporation strives to conform to and exceed safety, health and environmental requirements, as set by the relevant laws, in its operations. The Corporation also seeks to add value to the quality of life of its employees through the implementation of programmes that encourage healthy living.

Remuneration Report

Members of the Board and its Committees are paid a sitting allowance as set out in the Revised Categorisation and Sitting Allowances for Statutory/Non-Statutory Boards/Councils/Committees (effective 1st April 2017).

The categorisation sets the remuneration of the Directors as per table below:

Role	Allowance Per Meeting (BWP)	Allowance Per Meeting (BWP)
	April 2023-Dec 2023	Jan 2024-March 2024
Board Chairman	2,250	11,250
Board Member	1,800	10,000
Committee Chairperson	2,250	11,250
Committee Member	1,800	10,000
Board Member Names		Total Amount Paid (BWP)
CHERYL RABASHWA		190,100.00
LILLIAN LILLY SULLIVAN		109,800.00
MOLEKO MAJAHAA		118,150.00
MORERI SEBONEGO		117,800.00
MOTHUSI OBATENG		153,200.00
OBOETSWE MOTSAMAI		159,300.00
PELAELO KHOWE		134,400.00
PHILISO P. VALASHIA		222,600.00
ROBERT AKANYANG		193,800.00
Exco Member		Total Remuneration Earned (BWP)
MR DAVID KGOBOKO	Chief Executive Officer	3,722,480.22
MR OAITSE RAMASEDI	Chief Financial Officer	1,331,985.40
MR EDWARD RUGOYI	General Manager Generation	1,550,835.03
MR LETLHOGONOLO MAEMO BANTSII	General Manager Human Resources	1,332,934.30
MR EMMANUEL BOPADILE	General Manager Internal Audit	1,286,022.70
MR BOJOSI GAOHUSE	General Manager Transmission and Distribution	1,142,724.85
MS KUSIGANI MBAMBO	General Corporate Counsel/ Board Secretary	114,253.49
MR MOGOMOTSI KEBITSENG	General Manager Assets Management and Care	1,378,622.92
MR LETUMILE SANDY MOSARWA	Marketing and Communications Manager (A)	79,912.96
MS ANNAH MONCHO	SHER Manager	1,050,216.22
MR LETSHEGO MOENG	Strategy and Transformation Manager	1,009,358.49
MR GALEBOLAE OTIMILE	General Manager ICT	1,074,878.00

Internal controls

In order to meet its responsibility of providing reliable financial information, BPC maintains financial and operational systems of internal controls. The controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that those transactions are properly authorised and recorded. External auditors report material internal control weaknesses that they identify during the course of their external audit to Management and the Audit and Risk Committee. The BPC Board through the Audit and Risk Committee oversees the internal control system. The Corporation has an Internal Audit function that reports directly to the Audit and Risk Committee to provide assurance on the adequacy and effectiveness of controls to mitigate risks to its strategic, operational, financial and compliance objectives.

Whilst internal control systems cannot provide absolute assurance against material misstatements or loss, the Corporation's systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Corporation maintains a whistleblowing line that enables employees and the public to report any matters related to corrupt activities or unethical conduct anonymously.

Internal Audit function

BPC has an independent Internal Audit function with direct dual reporting to the Chief Executive Officer and the Board Audit and Risk Committee. The Internal Audit function assures significant risks and control processes are designed to effectively manage the risks. Further, the Internal Audit advises the Board on the adequacy and proper functioning of the Corporation's governance, risk management programme, and control processes.

The scope of the Internal Audit function is broad and includes systems of internal control that are in place to achieve the following:

The scope of the Internal Audit function is broad and includes systems of internal control that are in place to achieve:

- Safeguarding of assets
- Compliance with legislation, regulations, policies, and procedures
- Effectiveness and efficiency of operations
- Reliability and integrity of financial and operational information
- Corporate objectives.

The Internal Audit function is governed by a Board approved Charter which sets out the purpose, mandate, mission, scope, organisational independence, quality assurance & improvement programme, authority, and responsibilities of the function.

The Internal Audit function enables the Corporation to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In performing its duties, Internal Audit is guided by the Institute of Internal Auditors' professional practice framework, King IV, and other relevant standards in undertaking internal audit responsibilities.

The Internal Audit Charter places considerable emphasis on:

- Independence of the Internal Audit function
- Integrity and professionalism within internal audit
- Risk-Based Internal Auditing

The Internal Audit function follows a risk-based methodology in the development of the Internal Audit plan, which is reviewed by the Board Audit and Risk Committee and approved by the full Board. The Chairperson of the Board Audit and Risk Committee appraises the Board on the duties of the Internal Audit function quarterly. All the work is conducted by appropriately qualified and experienced team members. The Internal Audit process is digitally driven by an end-to-end audit management platform with embedded analytic capabilities. The increased use of data analytics tools has enabled the function to perform robust audit tests and timely sharing of audit results with meaningful insights.

As the business shifts towards digital transformation, the function has also explored ways of tapping into the digital world through the use of robotics. A summary of audit results, reflecting the progress against delivery of the audit plan and progress in closing both Internal and External Audit findings, is presented bi-weekly to Executive Management and quarterly to the Audit and Risk Committee. The Committee actively reviews the Internal Audit submissions and appraises the Board accordingly.

The Corporation promotes and operates a non-retaliatory whistleblowing programme through an independent outsourced service provider who shares the reported allegations with both the Internal Audit and Security Operations Departments. The allegations are investigated and reported to the Chief Executive Officer and conveyed to the Board Audit and Risk Committee.

Remuneration Report continued

Statement on Directors' Responsibilities for Safety, Health, Environment, and Risk Management (2023/24)

The Board of Directors of Botswana Power Corporation (BPC) is committed to upholding the highest standards of safety, health, environment, and risk management (SHER) across all operations. Our core responsibility is to ensure the long-term sustainability and resilience of the Corporation.

For the 2023/24 financial year, our key focus areas are:

- 1** SHE Management and ISO Certification: A top priority is the continued implementation of a robust Safety, Health, and Environment (SHE) Management System. This strategic initiative is a crucial step towards achieving certification to the internationally recognized standards of ISO 45001 and ISO 14001. This will formalize our commitment to a culture of zero harm and continuous improvement, ensuring the well-being of our employees and a responsible approach to the environment.
- 2** Risk Management and Business Continuity: An 18-month project is underway to comprehensively review and update our Enterprise Risk Management framework. This project is designed to ensure that our risk management processes, policies, and risk appetites are fully aligned with the Corporation's overarching Maduo Strategy. A key part of this initiative is a thorough review of our business continuity plans to ensure they are up-to-date and fit for purpose, thereby strengthening our resilience to unforeseen events.

King IV Application

King IV Reference	King IV Principle	Applied	Commentary
Principle 1	The Board should lead ethically and effectively.	Partly Applied	The Board is the focal point and custodian of corporate governance as per the Board and Committee Charters. Board members are required to comply with the Board Charter, which embodies the ethical characteristics listed in King IV. The Board and Committee Charters set the tone and outline its responsibility to ensure that BPC is ethically and effectively managed. The Charters are reviewed every three years.
Principle 2	The Board should govern the ethics of the company in a way that supports the establishment of an ethical culture.	Partly Applied	The Board has not specifically delegated the responsibility for governance of ethics to any of its committees; however, the Board Secretary reports on matters of governance to the Board Audit and Risk Committee (BARC).
Principle 3	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Partly Applied	The Board assumes and accepts the responsibility for responsible corporate citizenship. The Board supports the Government of Botswana in the implementation of its citizen economic empowerment, local procurement, economic diversification policies, and local preference scheme by ensuring that the Corporation implements the appropriate procurement processes. The Board assesses and approves BPC's environmental management plans. The Corporation has registered a Trust, the Botswana Power Corporation Foundation, which will manage the Corporate Social Responsibility programme.
Principle 4	The Board should appreciate that the Company's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Applied	The Board approves and monitors the implementation of the Corporation's strategy and business plans. The Board holds an annual strategy session, at which it deliberates on the Corporation's strategy, assesses the risks and opportunities, considers progress made in the implementation of the strategy and ensures that it is in line with the Corporation's mandate and long-term success and sustainability of the business.

King IV Application continued

King IV Reference	King IV Principle	Applied	Commentary
Principle 5	The Board should ensure that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance, and its short-, medium- and long-term prospects.	Applied	Through an effective control environment, the Board ensures appropriate management structures and a robust assurance framework, and that all external communication and reports are issued in compliance with legal requirements and meet the legitimate and reasonable information needs of material stakeholders. The Board, through the Audit and Risk Committee, is responsible for the Corporation's financial reporting and sets the direction for how it should be approached and conducted.
Principle 6	The Board should serve as the focal point and custodian of corporate governance in the Company.	Partly Applied	The Board has adopted a Charter which defines its functions, roles and responsibilities and separates it from the role of management. The Charter was conditionally approved, pending approval of the amendments to the BPC Act.
Principle 7	The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Partly Applied	The BPC Board has nine members and is specifically constituted in terms of expertise and collective skills required for steering the Corporation to achieve its mandate. The majority of the Board members, including the Chairman, are independent directors. The Board Chairman and Members are appointed by the Minister of Minerals and Energy, who has the ultimate discretion for a succession plan.
Principle 8	The Board should ensure that its arrangements for delegation within its structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	Partly Applied	The Board has a committee structure with clear and specific terms of reference for each committee. The committee structure and the relevant terms of reference are reviewed every three years. The Board believes this structure ensures effective decision-making, discharge of duties, independent judgement, and takes into consideration BPC's complex and evolving operating environment. The current Board committees are: <ul style="list-style-type: none"> • Board Audit and Risk Committee (BARC) • Board Technical Committee (BTC) • Board Finance and Investment Committee (BFIC) • Board Human Resources Committee (BHRC) The Board will review the committees' terms of reference to align the review period to the yearly interval recommended by King IV.

King IV Reference	King IV Principle	Applied	Commentary
Principle 9	The Board should ensure that the evaluation of its performance and that of its committees, its chairman and its members support continued improvement in its performance and effectiveness.	Applied	A competent third party was engaged to conduct a formal Board assessment during FY2022/2023. The assessment highlighted areas of improvement, which the Board was taking action on accordingly.
Principle 10	The Board should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.	Applied	The Board has delegated authority to the CEO to run the day-to-day affairs of the Corporation in line with the Delegation of Authority framework, which sets out authority thresholds and governs sub-delegation. However, the Board retains overall accountability for the Corporation's matters
Principle 11	The Board should govern risk in a way that supports the Company in setting and achieving its strategic objectives.	Applied	The Board, with support from BARC, is responsible for the governance of risk. The role of BARC is to ensure that the Corporation implements an effective risk management framework that enhances the Corporation's ability to achieve its strategic objectives. The BARC is also responsible for the development and implementation of the Enterprise Risk Management Framework, including the policies, systems, and processes needed to ensure effective risk governance.
Principle 12	The Board should govern technology and information in a way that supports the Company in setting and achieving its strategic objectives.	Applied	In line with King IV, the internal audit function reports directly to the BARC. The BARC approves a risk-based internal audit plan at the beginning of each year and ensures that the function has adequate resources, budget standing and authority to enable it to discharge its functions. The General Manager, Internal Audit, has a functional reporting line to the Board Audit and Risk Committee and reports administratively to the CEO

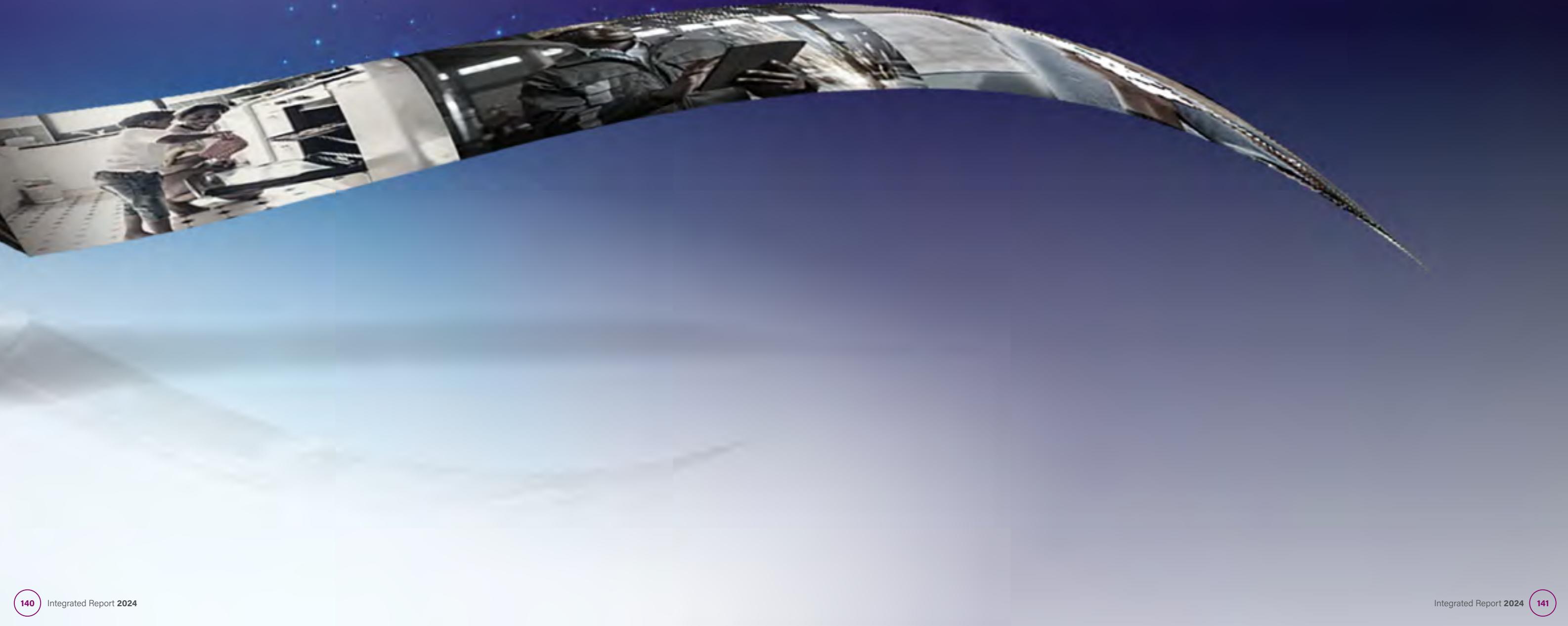
King IV Application continued

King IV Reference	King IV Principle	Applied	Commentary
Principle 13	The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the Company being ethical and a good corporate citizen.	Applied	<p>The Board, with assistance from the BARC, oversees the governance of compliance. Compliance falls within the risk matrix and forms part of the business risk management process. The BARC addresses the legal and compliance requirements of the Corporation. The legal and compliance update is a standing agenda item of the BARC, during which the Board is apprised of legal and compliance risks. Applicable laws are reported to the Board, via the BARC, by the legal and compliance function. Any new legislation or rules which affect the Corporation are notified to the Board, advising on the legal requirement applicability and how the rules are being disseminated to the applicable areas of business which are impacted</p>
Principle 14	The Board should ensure that the company remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	Applied	<p>The Board, with assistance from the BHRC, ensures that staff members are remunerated fairly, responsibly, transparently, and in line with industry standards to promote the creation of value sustainably.</p> <p>The Corporation participates in annual remuneration surveys for benchmarking and also provides performance-based short and long-term remuneration incentives to attract, incentivise, and retain good performers as part of the overall alignment of BPC's objectives. The remuneration of each non-executive director is included in this Annual Report.</p>
Principle 15	The Board should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the Company's external reports.	Applied	<p>In line with its charter, the BARC ensures that the combined assurance received from the external and internal auditors is appropriate to address all the significant risks facing the Corporation. The BARC monitors and supervises the effectiveness of the internal audit function and ensures that the roles and functions of external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting.</p> <p>The BARC recommends to the Board which firm(s) should be appointed in the event of a change of external auditor(s), their reappointment, and/or removal. The committee also evaluates the performance of the external auditor(s), and the engagement partner is rotated as per the requirements of the appropriate legislation.</p>

King IV Reference	King IV Principle	Applied	Commentary
Principle 16	In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time.	Applied	<p>The Corporation has developed a Board-approved Stakeholder Engagement Policy. The policy outlines BPC's overarching approach to engagement with all stakeholders and the coordination of such. The policy has been put in place to ensure that stakeholder engagement is applied consistently across all BPC operations.</p>
Principle 17	The Board of an institutional investor company should ensure that responsible investment is practised by the Company to promote good governance and the creation of value by the companies in which it invests.	Not Applicable	<p>The principle is not applicable as BPC is not an institutional investor.</p>

ANNUAL FINANCIAL STATEMENTS

General Information	142
Statement of Responsibility and Approval of Financial Statements by the Members of the Board	143
Independent Auditor's Report	145
Statement of Comprehensive Income	152
Statement of Financial Position	153
Statement of Changes in Equity	154
Statement of Cash Flows	155
Summary of Significant Accounting Policies	156
Notes to the Financial Statements	169



General Information

For the year ended 31 March 2024

MEMBERS OF THE BOARD

Date of Appointment

Prof O. S. Motsamai (Chairman)	1st April 2023
P. Khowe	1st April 2023
M. Sebonego	1st April 2021
R. Akanyang	1st April 2021
L. Sullivan	1st April 2021
M. Majaha	1st April 2021
P. Valashia	1st April 2021
M. Obateng	1st April 2021
C. Rabashwa	1st April 2021

EXECUTIVE MANAGEMENT

D. Kgoboko	Chief Executive Officer
O. Ramasedi	Chief Financial Officer
E. Rugoyi	General Manager Generation
L. Bantsi	General Manager Human Resources
E. Bopadile	General Manager Internal Audit
B. Gaothuse	General Manager Transmission and Distribution
K. Mbambo	General Corporate Counsel/Board Secretary
M. Kebitseng	General Manager-Asset Management and Care
S. Mosarwa	Marketing and Communication Manager
A. Moncho	SHER Manager
L. Moeng	Strategy and Transformation Manager

NATURE OF BUSINESS

Botswana Power Corporation (the "Corporation") was established by the Botswana Power Corporation Act (Cap 74:01) to provide electricity throughout Botswana. It is wholly owned by Government of Botswana and domiciled in Botswana. Its mandate is to generate, transmit and distribute electricity in line with the Act. The address of its registered office is Motlakase House, Macheng Way, P O Box 48, Gaborone.

AUDITORS

PricewaterhouseCoopers
PO Box 294
Gaborone

BANKERS

First National Bank of Botswana Limited
Access Bank of Botswana
Absa Bank of Botswana Limited
Standard Chartered Bank Botswana Limited
Stanbic Bank Botswana Limited

ATTORNEYS

Armstrongs PO Box 1368 Gaborone	Minchin and Kelly PO Box 1339 Gaborone	Lawrence Khupe Attorneys PO Box 4888 Gaborone	Moribame Matthews Attorneys PO Box 46271 Gaborone
---------------------------------------	----------------------------------------------	-----------------------------------------------------	---------------------------------------------------------

Statement of Responsibility and Approval of Financial Statements by the Members of the Board

For the year ended 31 March 2024

RESPONSIBILITY STATEMENT BY THE MEMBERS OF THE BOARD

The Members of the Board are responsible for the preparation and fair presentation of the financial statements of Botswana Power Corporation (the "Corporation"), comprising the statement of financial position as at 31 March 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards.

The Members of the Board are required by the Botswana Power Corporation Act (Cap 74:01), to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Corporation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS Accounting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The Members of the Board are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards and for such internal controls as the Members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The Members of the Board's responsibilities also include maintaining adequate accounting records and an effective system of risk management.

The Members of the Board acknowledge that they are ultimately responsible for the system of internal financial control established by the Corporation and place considerable importance on maintaining a strong control environment. To enable the board to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. While operating risk cannot be fully eliminated, the Corporation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Members of the Board are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Members of the Board of the Corporation are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the Government of Botswana (through the Honourable Minister of Minerals and Energy).

The external auditors are responsible for independently reviewing and reporting on the Corporation's financial statements and their report is presented on pages 145 to 151.

Statement of Responsibility and Approval of Financial Statements by the Members of the Board

For the year ended 31 March 2024

DISCLOSURE OF AUDIT INFORMATION

Each of the Members of the Board at the date of approval of this report confirms that:

- in so far as the Member is aware, there is no relevant audit information of which the Corporation's auditor is unaware; and
- the Member has taken all the steps that he/she ought to have taken as a Member of the Board to make himself/herself aware of any relevant audit information and to establish that the Corporation's auditor is aware of that information.

GOING CONCERN

The Members of the Board have made an assessment of the Corporation's ability to continue as a going concern and believe that the continued financial support pledged by the shareholder, the Government of the Republic of Botswana, and the revision of the tariffs, together with the ongoing operational efficiency initiatives are critical, and will ensure that the Corporation continues as a going concern in the next twelve months. See note 43.

APPROVAL OF THE FINANCIAL STATEMENTS BY MEMBERS OF THE BOARD

The financial statements set out on pages 152 to 215, which have been prepared on the going concern basis, were approved by the board and authorised for issue on 2 March 2025 and were signed on its behalf by:



(Member of the Board)



(Member of the Board)



Independent Auditor's Report

To the Minister of Minerals and Energy

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Power Corporation (the "Corporation") as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Botswana Power Corporation's financial statements set out on pages 152 to 215 comprise:

- the statement of financial position as at 31 March 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

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

Independence

We are independent of the Corporation 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.

Material uncertainty relating to going concern

We draw attention to Note 43 in the financial statements, which indicates that the Corporation incurred a net loss of after tax P 1,842,425,000 (2023 : P 525,612,000) during the year ended 31 March 2024 and, as of that date, the Corporation's current liabilities exceeded its total assets by P 4,968,584,000 (2023 : P 3,626,181,000). As stated in Note 43, these events or conditions, along with other matters as set forth in Note 43, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty relating to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

PricewaterhouseCoopers, Plot 64289, Tlokweng Road, Gaborone, Botswana
 P O Box 294, Gaborone, Botswana
 T: (267) 370 9700, www.pwc.com/bw

Country Senior Partner: R Binedell
 Partners: A S Edirisinghe, I D Molebatsi, S K K Wijesena



Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of trade and other receivables and consumer loans</p> <p>At 31 March 2024, the Corporation recognised expected credit loss ("ECL") allowances of:</p> <ul style="list-style-type: none"> P94,825,000 (2023: P106,270,000) with respect to consumer loans provided under the Corporation's hire purchase scheme (the "HPS receivables") (note 16.3 to the financial statements); P41,517,000 (2023: P63,348,000) with respect to consumer loans under the National Electrification Standard Cost scheme (the "NESC receivables") (note 20.1 to the financial statements); P183,890,000 (2023: P134,003,000) with respect to trade receivables for electricity sales (note 22.1 to the financial statements); P123,934,000 (2023: P108,635,000) with respect to small work contractor receivables (the "SWC receivables") (note 22.1 to the financial statements); and <p>The Corporation measures the allowance for impairment of trade receivables and consumer loans in accordance with the requirements of IFRS 9 – Financial Instruments ("IFRS 9").</p> <p>Trade and other receivables</p> <p>The Corporation recognises lifetime ECLs for trade receivables and SWC receivables. These have been assessed using a provision matrix, which groups customers with shared credit risk characteristics and days past due and applying expected loss rates to the groupings.</p> <p>The Corporation exercises judgement in assessing ECL, specifically in relation to determining the expected loss rates used in the provision matrix and the segmentation of customers by risk profile. Expected loss rates are determined based on historical losses adjusted to reflect current and forward looking macroeconomic factors, where relevant, affecting the customers' ability to settle the outstanding amount.</p>	<p>Our audit procedures included the following:</p> <p>We assessed the accounting policies relating to the trade receivables and consumer loans and found these to be in accordance with the requirements of IFRS 9.</p> <p>Trade and other receivables</p> <p>We assessed the Corporation's ECL provision matrix against the requirements of IFRS 9 and found the model to be consistent with these requirements.</p> <p>We tested the historical data used in the ECL provision matrix as at 31 March 2024 by agreeing this to supporting documents, calculations and other audited information. We found no material exceptions.</p> <p>We assessed the segmentation of customers utilised in the ECL provision matrix based on our understanding of the nature and related risk profiles of the Corporation's customers and found the Corporation's segmentation to be reasonable based on our understanding of the business and counterparties.</p> <p>We compared the actual value of accounts going into default from 31 March 2024 to 30 June 2024 to the value forecasted by the Corporation's ECL provision matrix and found no material differences.</p> <p>We formed an independent assessment of the expected loss rates and ECL allowance, including consideration of current and forward looking macroeconomic factors, and compared our outcome against those of the Corporation. We did not find material differences between our estimates and those of the Corporation.</p>	<p>Consumer loans</p> <p>The Corporation applies the general approach to impairment of consumer loans (which includes NESC receivables and HPS receivables) and Rural Collective Scheme receivables (the "RCS receivables"), with lifetime ECLs only recognised when there is a significant increase in credit risk.</p> <p>This has been assessed using an impairment model taking into account Probabilities of Defaults ("PDs"), Exposure at Default ("EAD") and Loss Given Default ("LGD").</p> <p>PDs are determined based on historical default rates adjusted for forward looking macroeconomic factors, where relevant, and LGD is determined based on historical post default recoveries (which were considered to be insignificant).</p> <p>The ECL impairment assessment of trade receivables and consumer loans were considered to be a matter of significance to the current year audit due to the judgement applied by the Corporation.</p> <p>Disclosures with respect to the application of IFRS 9 in determining the allowance for ECLs are contained in:</p> <ul style="list-style-type: none"> Summary of significant accounting policies Financial Instruments: IFRS 9- impairment of financial assets; Summary of significant accounting policies: Key sources of estimation uncertainty - Impairment of consumer loans and trade receivables; and Note 16 Consumer loans – Hire purchase scheme, Note 17 - Consumer loans - RCS receivables, Note 20 Consumer Loans – NESC, Note 22 Trade and other receivables. 	<p>Consumer loans</p> <p>We assessed the Corporation's ECL impairment model against the impairment requirements of IFRS 9 and found the model to be consistent with these requirements.</p> <p>We compared the observable data underpinning the PD calculation as at 31 March 2024 to relevant data sources and found no material exceptions.</p> <p>We tested the mathematical accuracy of the Corporation's ECL model and found no material exceptions.</p> <p>We challenged assumptions and judgements made by the Corporation through discussion with management, comparison to relevant information and knowledge of the operations as gained through our audit in determining PD, LGD, EAD and application of forward looking macroeconomic factors and found these to be reasonable.</p>



Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of assets</p> <p>The Corporation carries a significant asset base in its statement of financial position. International Accounting Standards 36 - Impairment of assets ("IAS 36") requires the Corporation to perform an impairment assessment on the assets should any indicators of impairment exist.</p> <p>The continued operating losses incurred by the Corporation as well as construction and the equipment defects in the Morupule B plant for which remedial work is currently underway and the plant not being operated at its optimal capacity indicated a possible impairment of the Corporation's asset base.</p> <p>Accordingly, the Corporation performed an impairment assessment on a value-in-use basis using a discounted cash flow estimation model.</p> <p>The model outcome is most sensitive to the following key estimates and judgements:</p> <ul style="list-style-type: none"> Average utilisation of the power plants as a percentage of the (installed) capacity; Expected growth in effective tariffs; Increase in domestic costs; Expected cost reflective tariff Subsidies; and Discount rate. <p>Based on the Corporations' estimate, the value-in-use exceed the carrying amount of the Generation, Transmission and Distribution assets and – accordingly – no impairment provision was accounted for.</p>	<p>We assessed the appropriateness of the valuation model applied by the Corporation with reference to the requirements of IFRS.</p> <p>We considered the model to be appropriate.</p> <p>We tested the Corporation's annual budgeting and forecasting processes, including:</p> <ul style="list-style-type: none"> gaining an understanding of the key inputs through discussion with relevant officers responsible for the preparation of budgets and forecasts; testing to confirm that the annual budgets and forecasts are appropriately approved; and comparing actual outcomes against historical budgets to determine whether significant deviations from budget indicate deficiencies in the budgeting processes. <p>Our testing did not reveal any significant exceptions.</p> <p>We agreed the cash flows components of the valuation model to approved budgets for periods where budgets had been approved, with no exceptions.</p> <p>Using our internal valuation expertise, we developed an independent expectation of a reasonable range of weighted average cost of capital rates as proxy for an appropriate discount rate. We found that the discount rate utilised by the Corporation was within our independently determined range. However, this had no impact on the conclusion on impairment.</p> <p>We tested the mathematical accuracy of the value-in-use calculation prepared by the Corporation and found no exceptions.</p>	<p>The impairment assessment of assets was considered to be a matter of significance to our audit due to the level of judgement applied and estimates made by management in determining future cash flows and an appropriate discount rate.</p> <p>Refer to the following disclosures in the financial statements for details:</p> <ul style="list-style-type: none"> Summary of material accounting policies; Key sources of estimation uncertainty – Impairment of assets. 	<p>We independently adjusted the cash flow forecasts utilised in the Corporation's calculation to reflect, amongst others,</p> <ul style="list-style-type: none"> internal usage more closely aligned to historical rates; growth in effective tariffs and tariff subsidy from the Government of Botswana was aligned to emergency funding request submitted by the Corporation to the Ministry of Minerals and Energy; domestic costs which take account of anticipated domestic cost inflation; and using these adjusted forecasts and the discount range we had independently determined; we performed an independent value-in- use valuation to calculate a reasonable range of valuation outcomes and compared these outcomes to the carrying value of assets. These outcomes did not indicate any impairment.

Other information

The members of the board are responsible for the other information. The other information comprises the information included in the document titled "Botswana Power Corporation Annual Financial Statements for the year ended 31 March 2024". The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, 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.



Independent Auditor's Report continued

Responsibilities of the Members of the Board for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on the legal and regulatory requirements

In accordance with Section 22(3) of the Botswana Power Corporation Act (Chapter 74:01) (the "Act"), we report that:

- We have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors;
- The accounts and related records of the Corporation have been properly kept;
- Except as noted below, the Corporation has complied with all the financial provisions of the Act with which it is the duty of the Corporation to comply; and
- The financial statements prepared by the Corporation were prepared on a basis consistent with that of the preceding year, except as explained in the Summary of Material Accounting Policies (Standards and Interpretations effective in the current year).

As set out in Note 43 to the financial statements, the Corporation has not met the requirements of Section 17 of the Botswana Power Corporation Act (Cap 74:01), which requires it to conduct its affairs on commercial lines so as to produce a net operating income by which a reasonable return can be measured. The Corporation incurred an operating loss of P1,194,254,000 (2023: P92,037,000) for the year ended 31 March 2024.

The Corporation's audited financial statements for the year ended 31 March 2024 were not submitted to the Minister within a period of six months after the end of the financial year as the Minister had approved, in accordance with section 23(1) of the Act.

PricewaterhouseCoopers

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Icho Molebatsi (CAP 0041 2025)

6 March 2025
Gaborone

Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 P'000	Restated 2023 P'000
Revenue*	1	4,994,673	4,782,954
Other operating income*	2	200,362	40,721
Consumer tariff subsidy	7	2,125,920	600,000
TOTAL OPERATING INCOME		7,320,955	5,423,675
Generation, transmission and distribution expenses*	3	(7,313,363)	(4,711,531)
Net impairment losses on financial and contract assets	22.4	(47,269)	(21,325)
Administration and other expenses	4	(1,154,577)	(782,856)
TOTAL OPERATING EXPENSES		(8,515,209)	(5,515,711)
OPERATING LOSS		(1,194,254)	(92,037)
Interest income	8	32,279	25,560
Finance costs	9.1	(422,002)	(281,908)
Net foreign exchange losses	9.2	(199,163)	(710,817)
Fair value gain on cross currency and interest rate swap	10	170,889	660,161
LOSS BEFORE TAX		(1,612,251)	(399,041)
Income tax charge*	11	(230,174)	(126,571)
LOSS FOR THE YEAR		(1,842,425)	(525,612)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of land and buildings and generation, transmission and distribution assets*	12	1,239,946	1,215,984
Deferred tax effect*	27	(181,538)	(179,889)
TOTAL OTHER COMPREHENSIVE INCOME		1,058,408	1,036,095
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(784,017)	510,483

* Refer to Note 45 for Restatement.

Statement of Financial Position

As at 31 March 2024

	Notes	2024 P'000	Restated 2023 P'000	Restated 1 April 2022 P'000
ASSETS				
Non-current assets				
Property, plant and equipment*	12	28,668,915	27,822,431	27,057,030
Intangible Assets	12.2	6,130	12,067	-
Right-of-use Assets	13	9,087	3,666	6,033
Investments at amortised cost	14	19,867	21,474	21,770
Other financial assets at fair value	34	1,024,644	1,141,591	637,929
		29,728,643	29,001,229	27,722,762
Current assets				
Standard cost recovery - NESC	19	71,078	52,358	158,202
Investments at amortised cost	14	504,596	471,128	392,284
Consumer loans - hire purchase scheme*	16	12,801	11,393	9,958
Consumer loans - NESC	20	6,893	3,273	3,708
Inventories	21	392,901	463,882	513,824
Trade and other receivables	22	546,740	377,641	316,357
Bank balances and cash	151	271,938	132,227	68,963
		1,806,947	1,511,902	1,463,296
TOTAL ASSETS		31,535,590	30,513,131	29,186,058
EQUITY AND LIABILITIES				
Capital and reserves				
Irredeemable capital*	23	11,135,366	11,028,017	10,883,827
Revaluation reserve*	24	11,131,780	10,073,372	9,037,277
Other reserves	25	1,803,087	1,803,087	1,803,087
Accumulated loss*		(8,920,762)	(7,078,475)	(6,416,360)
		15,149,471	15,826,001	15,307,831
Non-current liabilities				
Deferred income - consumer financed projects*	26.1	2,783,590	2,657,103	2,620,247
Deferred Income - government grant*	26.2	848,706	887,580	926,016
Borrowings	28	3,109,118	3,551,305	3,614,985
Consumer deposits	29	84,852	84,126	80,016
Lease liability	33	6,036	2,359	4,183
Deferred tax liability*	27	2,778,286	2,366,574	1,923,707
		9,610,588	9,549,047	9,169,154
Current liabilities				
Bank overdraft	15.2	123,549	159,345	156,803
Borrowings	28	923,382	596,279	519,690
Consumer deposits refunds	29	2,650	726	467
Lease liability	33	3,933	3,591	3,962
Trade and other payables	30	4,291,645	3,111,796	2,810,191
Advances - consumer financed projects	31	1,276,949	1,153,620	1,145,289
Provisions	32	153,423	112,726	72,671
		6,775,531	5,138,083	4,709,073
TOTAL EQUITY AND LIABILITIES		31,535,590	30,513,131	29,186,058

* Refer to Note 45 for Restatement.

Statement of Changes in Equity

For the year ended 31 March 2024

	Notes	Irredeemable capital P'000	Revaluation reserve P'000	Other reserves P'000	Accumulated losses P'000	Total P'000
Opening balance 1 April 2022 as previously stated		10,573,103	9,017,043	1,803,087	(6,281,926)	15,111,307
Correction of prior period errors (refer to note 45)		310,724	20,234	-	(134,434)	196,524
Opening balance 1 April 2022		10,883,827	9,037,277	1,803,087	(6,416,360)	15,307,831
Restatement of Orapa Power Plant deferred tax to retained earnings*		-	-	-	(136,407)	(136,407)
Loss for the year*		-	-	-	(525,612)	(525,612)
Transfer of Government grant to equity						
Other comprehensive income (net of tax)*		-	1,036,095	-	-	1,036,095
Total comprehensive (loss) income for the year		-	1,036,095	-	(662,019)	374,076
Transactions with owners in their capacity as owners						
Irredeemable capital transfer	23	144,190	-	-	-	144,190
Restatement of Standard Cost Recovery*		-	-	-	(96)	(96)
Balance at 31 March 2023		11,028,017	10,073,372	1,803,087	(7,078,475)	15,826,001
Opening balance 1 April 2023		11,028,017	10,073,372	1,803,087	(7,078,475)	15,826,001
Loss for the year		-	-	-	(1,842,425)	(1,842,425)
Other comprehensive income (net of tax)		-	1,058,408	-	-	1,058,408
Total comprehensive (loss)/ income for the year		-	1,058,408	-	(1,842,425)	(784,017)
Transactions with owners in their capacity as owners						
Irredeemable capital transfer	23	107,349	-	-	-	107,349
Restatement of Standard Cost Recovery*		-	-	-	138	138
Balance at 31 March 2024		11,135,366	11,131,780	1,803,087	(8,920,762)	15,149,471

Note 23 **Note 24** **Note 25**

* Refer to Note 45 for Restatement.

Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 P'000	2023 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations	36	1,337,114	1,388,196
Net cash flow from operating activities		1,337,114	1,388,196
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Interest received	8	32,279	25,560
Debt Service Reserve Account Investment*		(31,080)	(120,340)
Debt Service Reserve Account Withdrawal*		-	-
Investments in money market funds		-	(67,900)
Withdrawals from money market funds		-	33,634
Purchase of property, plant and equipment	12	(676,249)	(484,416)
Proceeds from disposal of property, plant and equipment		2,780	340
Net cash used in investing activities		(672,270)	(613,122)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings	28	(621,006)	(602,092)
Short term loans drawdowns	28	296,000	-
Overdraft drawdowns	15.2	10,498,108	9,704,393
Overdraft repayments	15.2	(10,533,904)	(9,701,851)
Interest paid		(422,002)	(281,337)
Repayment of lease	33	(6,489)	(4,700)
Receipts from cross currency and interest rate swap	10	917,531	788,854
Settlements on cross currency and interest rate swap	10	(629,695)	(632,355)
Net cashflow used in financing activities		(501,457)	(729,088)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		132,227	144,725
Effect of foreign exchange rate changes		(23,676)	(58,483)
Cash and cash equivalents at the end of the year		271,938	132,227
Cash and cash equivalents comprise:			
Bank balances and cash	15.1	271,938	132,227

* Refer to Note 45 for Restatement.

Summary of Material Accounting Policies

For the year ended 31 March 2024

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS Accounting standards:

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on the historical cost basis except for the revaluation of certain property, plant and equipment and financial instruments and are presented in Botswana Pula (P). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Pula unless otherwise stated.

The financial statements incorporate the following principal accounting policies which have been consistently followed in all material respects except for the changes set out in the "Adoption of new and revised international financial reporting standards" note below.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and interpretations effective in the current year

In the current year, the Corporation has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC IC) of the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 April 2023.

The following new or amended standards were adopted and did not have a significant impact on the Corporation financial statements:

- 1) Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current - (effective date 1 January 2024). The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- 2) Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - (effective date 1 January 2023). The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary difference.
- 3) Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - (effective date 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Standards in issue but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for year ended 31 March 2024. Those which may be relevant to the Corporation are set out below. The Corporation does not plan to adopt these standards or amendments to standards early. These will be adopted in the period that they become mandatory. The following new or amended standard which is not expected to have a significant impact on the Corporation financial statements except for the last two being IFRS S1 and IFRS S2:

- 1) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.
- 2) Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- 3) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.
- 4) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The impact is expected to be material.
- 5) IFRS S2 Climate-related Disclosures. The impact is expected to be material.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings and generation, transmission and distribution assets are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Other assets like Motor Vehicles, Furniture and Equipment are carried at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. Work in progress is measured initially and subsequently at its cost.

Any revaluation increase arising on the revaluation of such items of property, plant and equipment is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and generation, transmission and distribution assets is charged to profit or loss. On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised. Freehold land is not depreciated. Others (Equipment and motor vehicles, Furniture and office equipment and Data processing equipment and software) are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The following are the rates assessed by management at year end as being reflective for the remaining useful lives of the items of property, plant and equipment. Capital work in progress is not depreciated until brought into use.

Buildings	25 - 60 years
Generation, transmission and distribution	
Generation facilities	20 - 60 years
Transmission facilities	20 - 60 years
Distribution facilities	10 - 45 years
Motor Vehicles	7 - 25 years
Other Equipment	7 - 25 years
Furniture	3 - 5 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss and the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Assets that have an indefinite useful life like freehold are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

IMPAIRMENT OF TANGIBLE ASSETS

At each reporting date, the Corporation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Summary of Material Accounting Policies (continued)

For the year ended 31 March 2024

IMPAIRMENT OF TANGIBLE ASSETS (CONTINUED)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

INTANGIBLE ASSETS

Intangible assets are computer software which is capitalised on the basis of costs incurred to acquire and bring to use. These costs are amortised over their estimated useful lives. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Acquired computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life for the intangible assets is 3-7 years.

INVENTORIES

All inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and includes all expenditure incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which inventory can be realised in the normal course of business and takes into account all directly related costs to be incurred in marketing, selling and distribution. Provision is made for slow moving and defective inventories. The Corporation reviews the net realisable value of inventory on a periodic basis in order to determine whether inventory is being held in the books at the lower of its cost and NRV. A provision for obsolete inventory is processed to write down inventory to NRV, where there are indications that the cost is more than the NRV.

RETIREMENT BENEFITS

The Corporation's contributions are charged to income statement in the year in which they accrue and the Corporation has no further liability. A defined contribution plan is a pension plan under which the Corporation pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Corporation pays gratuity to contracted staff in accordance with their respective contracts of employment. Employees' entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

SHORT TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Employees' entitlements to short term benefits are recognised when they accrue to employees and a provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are

TAXATION (CONTINUED)

generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

LEASE ACCOUNTING

The Corporation is a party to lease contracts for, among others:

- a) Buildings including office space (commercial) and residential space;
- b) Plant equipment;
- c) Motor vehicles;
- d) IT Equipment.

Leases are recognized, measured and presented in line with IFRS 16 'Leases'. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. Leases are measured at cost less accumulated depreciation and impairment losses. The lease period is an average of 2 years renewable by a further 2 years at the end of the lease by agreement.

AS A LESSEE

Upon lease commencement the Corporation recognises a right-of-use asset and a lease liability.

RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Initial measurement

Upon lease commencement, a right-of-use asset and a lease liability are recognised. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Subsequent measurement

After lease commencement, the right-of-use asset is measured using a cost model, amortised over the lease term on a straight-line basis.

Lease liability is subsequently remeasured to reflect changes in:

The lease term (using a revised discount rate): the assessment of a purchase option (using a revised discount rate), the amounts expected to be payable under residual value guarantees (using an unchanged discount rate) or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustment to the right-of-use asset.

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

Summary of Material Accounting Policies (continued)

For the year ended 31 March 2024

RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)

Lessee's incremental borrowing rate

Where the lessee is unable to readily determine the interest rate implicit in the lease, the discount rate will be the lessee's incremental borrowing rate. The incremental borrowing rate is an interest rate specific to the lessee that reflects the credit risk of the lessee. The Corporation has adopted the incremental borrowing rate as the discount factor and the applicable rate. The discount factors take into account the interest rates on the existing facilities where applicable and commercial rates that Corporation could be offered by its lenders if they were to source funding.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

AS A LESSOR

In case of lease contracts based on which the Corporation is acting as a lessor each of its leases is classified as either operating or finance lease. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Most of the Corporation's leases are operating leases mostly being residential buildings leased out to staff members. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Examples of situations where the risks and rewards of ownership are considered as having been transferred to the lessee are as follows:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for at least 3/4 of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset; or
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

CONSUMER TARIFF SUBSIDY

Tariff subsidy and emergency power grant comprise amounts received from the Government in respect of subsidies on electricity tariffs, emergency power and generation costs. These are recognised in the income statement in the period to which they relate. The receipts from Government are amortised to profit or loss to match the operating expenses.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

FOREIGN CURRENCIES

In preparing the financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

IRREDEEMABLE CAPITAL

Irredeemable Capital comprise funds advanced by the Government for its equity contribution into the business. These funds are initially recognised as a liability on the statement of financial position. When the expenditure associated with these advances has been incurred, a transfer of the same amount is made to irredeemable capital as additional contribution by the Government.

GOVERNMENT GRANTS

Government grants comprise of assets transferred to the Corporation for use. These Government asset transfers are treated in line with IAS 20-Accounting for Government Grants and Disclosure of Government Assistance. The grant (liability) is treated as deferred income in financial statement which is amortised over the life of the assets. The power plants are recognised as assets which are depreciated over their life span.

TRADE AND OTHER PAYABLES

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

BANK OVERDRAFT

Bank overdraft is treated as a current liability. Overtime the overdraft is expected to fluctuate on a positive side regularly (within a year) and at Statement of Cashflows form part of cash and cash equivalents. If it does not fluctuate regularly on the positive side (more than a year) it forms part of the financing activities under Statement of Cashflows.

PROVISIONS

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RELATED PARTY TRANSACTIONS

Related parties are defined as those parties:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the entity; and
 - has an interest in the entity that gives it significant influence over the entity; or
- (b) that are members of the key management personnel of the entity or its parent including close members of the family.

FINANCIAL INSTRUMENTS

Financial instruments held by the Corporation are classified in accordance with provisions of IFRS 9 Financial Instruments. Financial instruments are recognised initially when the Corporation becomes a party to the contractual provisions of the instruments. The Corporation classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

Financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and
- All other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Summary of Material Accounting Policies (continued)

For the year ended 31 March 2024

FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

At fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Gains and losses arising from the changes in the fair value of the FVTPL are presented in the income statement in the period in which they arise.

Cash and cash equivalents

The Corporation considers all highly liquid investments including money market investments with an original maturity of three months or less when purchased to be cash equivalent. These investments include fixed deposits with fixed or determinable payments and fixed maturity dates not more than three months that the Corporation has the positive intent and ability to hold to maturity are classified as investment at amortised cost. These investments are easily convertible to cash with less or minimum losses. These investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Financial assets at amortised cost

Trade receivables, consumer loans (NESC and hire purchase), other receivables and investments are classified as Financial assets at amortised Cost. They are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Debt Service Reserve Account

The Corporation has a Debt Service Reserve Account (DSRA) for a ICBC loan held with Stanbic Bank of Botswana. In line with the facility agreement, the Corporation is supposed to keep an equivalent of one bi-yearly instalment in the Reserve account. Although the DSRA represents a cash deposit with a financial institution, it is a cash balance which does not meet the definition of 'cash' or 'cash equivalents' in terms of IAS 7 due to the severity of the restrictions placed thereon especially that the Corporation cannot use it during the year except for loan payment if there is a default. It is treated as Investment at Amortised Cost.

Impairment of financial assets

The Corporation adopted IFRS 9 - Financial Instruments ("IFRS 9") to measure the allowance for impairment of trade receivables and consumer loans. IFRS 9 requires impairment allowances to be considered on an expected credit loss and requires the Corporation to develop an impairment model to calculate Expected Credit Losses ("ECLs") and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable and consumer loans. Specifically, the Corporation recognises a loss allowance for expected credit losses on: Financial assets measured subsequently at amortised cost; and Financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, in accordance with IFRS 9, the Corporation measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Measurement and recognition of expected credit losses

The Corporation adopted simplified approach in determining the expected credit losses on Trade receivables (*Trade receivable for electricity sales and small works contractor receivable*) and general approach for Consumer loans [*Consumer loans - hire purchase scheme, Consumer loans - NESC ("National Electrification Standard Cost schemes")*].

FINANCIAL INSTRUMENTS (CONTINUED)

Expected Credit Loss ("ECL") on Trade receivables has been assessed using provision matrix by grouping customers with shared credit risk characteristics and days past due. The matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current and forecast direction of conditions at the reporting date. Expected loss rates are determined based on historical losses adjusted to reflect current and forward looking macroeconomic factors, where relevant, affecting the customer's ability to settle the outstanding amount. Refer note 22 for details.

Corporation's Consumer loans are given for a period more than one year. However, majority of the balances are in default bucket (90+ days). Interest earned on Consumer loans is immaterial. Expected Credit Loss ("ECL") on consumer loans has been assessed using an impairment model having taken into account Probabilities of Defaults (PDs), Exposure at Default (EAD) and Loss Given Defaults ("LGD"). PDs have been calculated based on historical default rates adjusted for forward looking macroeconomic factors, where relevant. Refer note 22 for details. LGD is considered to be 100% as post default recoveries are insignificant. EAD is considered to the current outstanding balance as balances in the non-default category is not material and no significant financing element.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of the financial asset.

Significant increase in credit risk

In assessing whether the credit risk on a receivable group has increased significantly since initial recognition, the Corporation compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. The Corporation considers both quantitative and qualitative information that is both historical and forward looking. Forward looking information includes future prospects of the industry or segment obtained from economic experts, government bodies and relevant think-tanks. On general note, the credit risk of a receivable is always presumed to have increased significantly since initial recognition if the payments are more than 30 days due.

Derecognition of financial assets

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

Financial liabilities and equity instruments issued by the Corporation

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs. In the Corporation's case, there is no equity issued, however the Government of Botswana, which is the owner through the Botswana Power Corporation Act (74:01) has a residual interest in the assets of the entity after deducting all of its liabilities.

Financial Liabilities at FVTPL

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'financial liabilities at amortised cost'. Financial liabilities at FVTPL are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Summary of Material Accounting Policies (continued)

For the year ended 31 March 2024

FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 38.9.

Financial liabilities at amortised cost

Financial liabilities at amortised cost (trade and other payable, consumer deposits and borrowings), are initially measured at fair value, net of transaction costs. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. This has been disclosed as other financial assets on the statement of financial position. Further details of derivative financial instruments are disclosed in notes 10 and 34. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The cashflows arising from derivative financial instruments is classified in the most appropriate manner for the business. The underline transaction is the cross currency swap arrangement for the variable rate borrowings and the related interest cost is classified under financing activities. Therefore the receipts and settlements arising from the swap agreement are also classified as financing activities.

CONSUMER DEPOSITS

Consumer deposits are refundable to consumers when their accounts are closed and there are no balances owing to the Corporation. These are not measured at fair value as the fair value cannot be reliably determined due to the uncertainty of when they would be refunded to consumers. Consumer deposit are treated as financial liabilities at amortised cost and are initially measured at fair value, net of transaction costs.

NATIONAL ELECTRIFICATION STANDARD CONNECTION COST (NESC) RECOVERY

National electrification standard connection cost comprises of refunds due from Government through the National Electrification Standard Cost Connection Fund. The amount claimable by the Corporation is the difference between the standard charge of P5,000 or P2,500 borne by the customer and the actual cost incurred by the Corporation in connecting the customers. The excess of the actual costs incurred over and above the P5,000 or P2,500 is recoverable from the National Electrification Fund. This Fund is established from P0.10 (10 thebe) levied to customers for every kWh billed. The amount due from Government or National Electrification Fund is treated as receivable and the revenue related is deferred in line IFRS 15 as it is used to build electricity connection assets.

REVENUE

The Corporation treats revenue in accordance with the provisions of IFRS 15. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. In arriving at recognition of revenue in line with IFRS 15, the Corporation applied the standard's five step model framework. First of all the Corporation unbundled all revenue streams into distinct lines and recognised it when all of the following conditions are satisfied:

- the Corporation has a written/implied contract with a customer;
- Identification of performance obligations;
- Determination of transaction price;
- Allocation of transaction price to the performance obligations to the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

REVENUE (CONTINUED)

Sale of Electricity

The Corporation sells electricity to local customers categorised as Domestic, Government, Commercial and Mining. It also exports electricity to regional utilities as well as provide wheeling services.

Local sale of electricity falls under Revenue and it is recognised when consumed by account customers. Invoicing is done monthly on an accrual basis. The Corporation also sells prepaid electricity which consumers key into the meters installed at their premises. As at reporting date, prepaid electricity that has not been utilised by the consumers is recognised as deferred revenue. The consumption of the prepaid electricity is measured by the meters installed at the consumers' premises. The Corporation estimates the amount of such prepaid electricity sales utilised at year end based on the current buying patterns. Reconnection charges are recognised when the reconnection services are provided and are recognised not under Revenue but Other Income. Unutilised prepaid tokens at year end are treated as Contract liability whilst unbilled post paid is treated as Contract asset.

The Corporation also exports electricity to neighbouring Southern African utilities through a regional electricity market called Southern African Power Pool (SAPP). Electricity exports sales fall under the scope of IFRS 15. The performance obligations are satisfied as and when service is rendered.

Wheeling Revenue

Income from wheeling arises from a service provided by the Corporation to two other countries. It arises where the buyer and seller have contracted to buy/sell electricity, but have no direct transmission lines; resultantly the seller country contracts independently with Corporation to utilise already established transmissions lines to wheel the electricity. Transmission is part of the core mandate of the Corporation and hence Wheeling Revenue also falls within IFRS 15 scope. The performance obligations are satisfied as and when service is rendered.

Consumer Financed Projects Revenue

In order to enable the Corporation to sell electricity to customers, there is need to build infrastructure and thus generate revenue, customers are requested to finance this infrastructure which in turn remains the Corporation's asset. Deferred income consumer financed projects are recognised on completion of such projects and amortised to the profit or loss over the useful life of the related item of property, plant and equipment on a straight line basis. This income is tied to sale of electricity and hence falls within scope of revenue as it is also core business of the Corporation. At completion of project, the cost of the asset may be lower than the sale consideration. In this regard the asset is capitalised at cost whilst the total sales consideration is deferred income amortised annually over the useful life of the asset.

Advances on Consumer Financed Projects

Advances on consumer financed projects comprise funds received from customers for building of infrastructure and this is the unutilised funds for ongoing projects. In line with IFRS 15 this is treated as contract liability.

OTHER INCOME

Sale of Material

The Corporation sells materials to contractors who do both maintenance and constructing connection infrastructure and this is treated as other income.

Interest received

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other operating income includes amortisation of Government grants, late payment fees, rental Income, Interest on consumer loans and reconnection charges.

Investment at Fair Value

The directors have reviewed the Corporation's financial assets at fair value in the light of its capital maintenance and liquidity requirements and have confirmed the Corporation's positive intention and ability to hold those assets to maturity. The carrying amount of the financial assets at fair value is P19,867,000 (2023: P21,474,000). Details of these assets are set out in note 14.

Summary of Material Accounting Policies (continued)

For the year ended 31 March 2024

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The Corporation sells prepaid electricity which consumers key into the meters installed at their premises. As at reporting date, prepaid electricity that has not been utilised by the consumers is not recognised as revenue as the Corporation has not satisfied the related performance obligation and thus it is deferred in line with IFRS 15 as Contract liability. The consumption of the prepaid electricity is measured by the meters installed at the consumers' premises. The Corporation estimates the amount of such prepaid electricity sales utilised at year end based on the current buying patterns.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation of uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described above, the Corporation reviews the estimated useful lives of property, plant and equipment and residual values at the end of each reporting period. During the financial year, the directors determined that the useful life of items of property, plant and equipment should remain the same as in the prior year as there has not been any material change in the condition of the equipment.

Revaluation of property, plant and equipment

The Corporation periodically commissions external experts to value property, plant and equipment (Land and Building and Generation, Transmission and Distribution assets). The latest revaluation was carried out at 31 March 2024.

Market values for land and buildings were determined based on the market comparable approach which reflects recent transaction prices for similar properties and considerations were made with reference to location, accessibility, demand/supply of such properties, quality and standard of the structures, age, condition etc and the prevailing economic and property market trends. These were then compared with the subject property on the same basis to arrive at an adjusted unit value and applied same to the subject property whilst allowing for similarities and dissimilarities accordingly. In cases where comparable market evidence is not available, especially tribal areas, the replacement cost approach has been adopted.

The fair values of generation transmission and distribution assets was determined using the replacement cost approach which reflects the cost to the market participant to construct assets of a comparable utility and age, adjusted for obsolescence. The significant inputs include estimated construction costs and other ancillary expenditure and a depreciation factor applied to the estimated construction cost.

The Corporation has received two power plant as grants which were professionally valued to enable their recognition. These are Orapa Power Plant and Phakalane Solar Plant.

Orapa Power Plant Grant

In 2010, Government of Botswana transferred Orapa Power Plant for operation and maintenance. The risk and rewards of the power plant are with the Corporation. There are no specific conditions attached to the grant. The asset was recorded in the Corporation's books in 31 March 2024 as restated as at 1 April 2022. As of 31 March 2024, the Corporation estimated the fair value of the Power Station and underlying property and its improvements using replacement cost to be P1.3 billion (2023: P1.1 billion) and recognised the asset and deferred income-government grant in the current year.

Solar Station Grant

In 2012, Corporation received a grant of 1 MW Solar Power Station (Phakalane, Gaborone) from Government of Japan for a project of introduction of clean energy by solar electricity generation system. There are no specific conditions attached to the grant. As of 31 March 2024, the Corporation estimated the fair value of the Power Station and underlying property and its improvements using replacement cost to be P12.5 million and recognised the asset and deferred income-government grant in the current year.

Fair value of financial instruments

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing that asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in these financial statements is determined on such basis

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value of financial instruments (continued)

and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and significance of the inputs to the fair value measurements in its entirety which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the Corporation can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs are unobservable inputs for the asset or liability.

Some of the Corporation's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Corporation uses market-observable data to the extent available. Where level 1 inputs are not available, the Corporation engages third party qualified valuers, to determine the valuation techniques and inputs for the fair value measurements. Management of the Corporation work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of the assets and liabilities are disclosed in notes 10 and 38.9.

Impairment of consumer loans and trade receivables

The Corporation adopted simplified approach in determining the expected credit losses on Trade receivables (Trade receivable for electricity sales and small works contractor receivable) and general approach for Consumer loans [Consumer loans - hire purchase scheme, Consumer loans - NESC ("National Electrification Standard Cost schemes")].

Expected Credit Loss ("ECL") on Trade receivables has been assessed using provision matrix by grouping customers with shared credit risk characteristics and days past due. Information on key judgement such as look back period and forward looking macroeconomic factors and related sensitives are given on note 22.3.

Expected Credit Loss ("ECL") on consumer loans has been assessed using an impairment model having taken into account Probabilities of Defaults (PDs), Exposure at Default (EAD) and Loss Given Defaults ("LGD"). PDs have been calculated based on historical default rates adjusted for forward looking macroeconomic factors, where relevant. LGD is considered to be 100% as post default recoveries are insignificant. EAD is considered to the current outstanding balance as balances in the non-default category is not material and no significant financing element.

Income tax

Significant judgement is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Income Tax Act was amended during February 2016 to bring all parastatal entities and other state-owned enterprises, which had previously been exempted from income tax, to be within the ambit of the Act. The revised Act allows the Minister of Finance to exempt specific parastatal entities and state-owned enterprises from income tax. The Honourable Minister identified those entities which are to be exempted from income tax in the Income Tax (Bodies Corporate Exempt From Tax) Regulation, 2016 of 1 July 2016. The Corporation was not identified as an exempt entity in this regulation and is thus subject to income tax for the first time in 2017 financial year.

The Botswana Unified Revenue Services (BURS) has not issued any guidelines as to any transitional arrangements which would apply in the first tax period for the newly taxable entities. Accordingly, the Corporation has estimated the income tax liability for the 2017 financial year based on management's best interpretation of the Income Tax Act as it may apply to the Corporation. This has required the Corporation to make a number of judgments in the calculation of its current and deferred tax charges and balances.

The most significant of these judgments are:

- the income tax liability has been calculated based on the income for the full financial year (although a possible interpretation of the Income Tax Act may indicate that this should be portion of the financial year);

Summary of Material Accounting Policies (continued)

For the year ended 31 March 2024

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income tax (continued)

- capital allowances on property, plant and equipment existing at the beginning of the financial year have been calculated using the accounting book value of such property and equipment as at 31 March 2017 as proxy for cost in accordance with the Income Tax Act. These judgments maybe challenged by BURS during future financial periods, as and when income tax assessments are submitted, etc. Any changes in the recorded value of current and deferred income tax as a result of different views taken by BURS will be accounted for in the financial statements for the year when such changes occur.

Deferred tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Corporation has not recognised deferred tax asset on tax losses and the interest claimable as the management forecast of taxable income for next five years indicate that the Corporation will not be able to generate adequate taxable income to utilise these before they fall away. Please refer to Notes 11 and 27 for further details.

Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Corporation carries a significant fixed asset base in its statement of financial position. As per IAS 36 – Impairment of assets, these assets are subject to impairment assessment should any indicators of impairment exist. These indications includes factors such as physical damages, worse economic performances of the assets, decline in market value, significant changes with adverse effect on expected use of assets etc. Continued operating losses incurred by the Corporation, construction and equipment defects in the plant for which remedial work is currently underway and plant not being operated at its optimal capacity indicated a possible impairment of its asset base.

Accordingly, an impairment assessment was performed as follows.

For the purposes of assessing impairment, Generation, Transmission and Distribution assets group (GTD assets) is considered as a cash generating unit ("CGU") and assessed the value in use by considering future cashflow and economic conditions that would have affected to the Corporation's future operations.

The recoverable amount of every CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management. These budgets are prepared annually and assumes a reasonable growth rate for future cash flows. Summary of key assumptions used in value in use calculation is given below:

Average utilisation of the generation plant (as % of the capacity)	82.00%
- FY 2028/29 and onwards	13.00%
Internal usage (as a% of units generated)	15.00%
System losses - Transmission and distribution losses (as a% of units sent out & purchased)	4.50%
Expected annual increase in domestic cost	8.50%

Outcomes from the impairment calculations are most sensitive to assumptions. Holding all other assumptions constant, impairment of the assets will only be indicated when these assumptions reach the following levels:

Average utilisation of the generation plant (as % of the capacity)	47.86%
Expected annual increase in domestic cost	18.36%
Discount Rate	13.41%

Notes to the Financial Statements

For the year ended 31 March 2024

	2024 P'000	2023 P'000
1 REVENUE		
Sale of electricity:		
Mining	962,538	864,646
Commercial	1,806,573	1,725,116
Domestic	1,345,596	1,292,829
Government	666,469	648,777
Sales to Southern African Power Pool (SAPP)*	116,584	122,068
Total Sale of Electricity	4,897,760	4,653,436
Other Revenue:		
Amortisation of Deferred Income-Consumer Finance Projects*	82,650	117,565
Wheeling revenue*	14,263	11,953
Total Revenue	4,994,673	4,782,954
Revenue recognised over time	4,994,673	4,782,954

* Refer to Note 45 for Restatement.

2 OTHER OPERATING INCOME

Loss on sale of materials	(24,501)	(22,825)
Penalties and late payment fees	3,588	6,802
Rental income	4,433	3,963
Amortisation of Deferred Income-Government Grants*	38,874	38,436
Other sundry income	13,302	6,907
Profit on disposal of property, plant and equipment	2,345	271
Interest earned on consumer loans	1,949	1,184
Consumer finance projects recoveries*	159,955	5,642
Reconnection charges	417	341
Total	200,362	40,721

* Refer to Note 45 for Restatement.

2.1 Rental income: Arises out operating lease (income) being residential buildings leased out to staff members.

	2024 P'000	2023 P'000
Minimum payments due		
First year		
Second year	4,876	4,359
Third year	5,364	4,795
Fourth year	5,900	5,275
Fifth year	6,490	5,802
Beyond	7,139	6,382
	7,853	7,021

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
3 GENERATION, TRANSMISSION AND DISTRIBUTION EXPENSES		
Fuel, water and chemicals	1,335,955	1,039,119
Power purchases	3,676,894	1,641,005
Maintenance	244,637	116,985
- Generation	402,904	368,576
- Transmission, Distribution	309,735	278,292
Staff costs	315,811	366,502
- Generation	473,609	372,301
- Transmission, Distribution	481,384	527,189
Depreciation	42,115	28,633
Other expenses	30,319	(27,071)
Downward/(Upward) revaluation adjustment on substation building assets	7,313,363	4,711,531
Other Expenses include training costs and protective amongst others.		
* Refer to Note 45 for Restatement.		
4 ADMINISTRATION AND OTHER EXPENSES		
Advertising	5,476	3,416
Auditor's remuneration	1,755	1,500
Bank charges	5,880	5,920
Board members fees	2,146	1,099
Commission costs	104,230	86,221
Consultancy fees	43,379	29,860
Customs duty, freight charges and price variance	12,366	1,293
Depreciation of items of property, plant and equipment and right-of-use assets	64,321	49,515
Depreciation write back from review of asset lives	-	(19,779)
Fuels and lubricants	33,183	30,495
Insurance expenses	61,473	54,777
Provision for litigation claims	143	58,658
Office cleaning costs	59,301	46,348
Other sundry expenses	221,845	66,275
Postage and telecommunications costs	21,766	18,093
Printing and stationery	1,388	1,497
Rental expense	2,574	4,228
Repairs and maintenance	101,657	71,151
Security costs	37,895	32,139
Staff costs	304,078	206,767
Travel and accommodation costs	69,721	33,383
	1,154,577	782,856

Notes to the Financial Statements(continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
5 OPERATING (LOSS) / PROFIT		
Operating (loss) / profit is arrived at after charging/(crediting) the following items:		
Depreciation of items of property, plant and equipment	1,009,266	944,704
Profit on disposal of property, plant and equipment	(2,345)	(271)
Repairs and maintenance of property, plant and equipment	101,657	71,151
Sale of materials	(202,647)	(198,117)
Cost of materials sold	227,148	220,942
Property rentals	2,574	4,228
6 STAFF COSTS		
Salaries and wages	844,573	774,317
Gratuities	14,015	14,723
Pension contributions	71,036	62,521
	929,624	851,561
Average number of employees during the year	2,227	2,083
Staffs costs are included in generation, transmission and distribution and administration expenses are reconciled below:		
Staff costs - Generation	309,735	278,292
Staff costs - Transmission, Distribution	315,811	366,502
Staff costs - Administration	304,078	206,767
	929,624	851,561
7 CONSUMER TARIFF SUBSIDY		
The Corporation's end user tariffs are lower than the generation cost per unit. Based on the Corporation's long term financial strategy that informs both the required tariff levels and operational subsidy in the medium to long term the Government of the Republic of Botswana paid a grant of P2,125,000,000 (2023:P600,000,000) to partially offset the operating losses.		
	2,125,920	600,000
8 INTEREST INCOME		
Call accounts	6,969	1,594
Investments	25,310	23,966
	32,279	25,560

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
9.1 FINANCE COSTS		
Interest on borrowings	358,663	243,587
Interest on delayed payments	62,364	37,750
Interest on lease liability - IFRS 16	975	571
	422,002	281,908
The interest costs incurred on the Industrial and Commercial Bank of China (ICBC) loan disclosed per Note 28.		
9.2 Net foreign exchange losses		
Net foreign exchange losses	(199,247)	(709,999)
Net foreign exchange gain / (loss) on interest rate swap	84	(818)
	(199,163)	(710,817)
10 FAIR VALUE GAIN ON CROSS CURRENCY AND INTEREST RATE SWAP		
Realised fair value gain on cross currency and interest rate swap	287,836	156,499
Received from Standard Bank Plc.	917,531	788,854
Payments to Standard Bank Plc.	(629,695)	(632,355)
Unrealised fair value gain on the cross currency and interest rate swap	(116,947)	503,662
	170,889	660,161

As detailed in Note 34, to reduce the risk of changing interest rates and foreign currency exchange rates on the loan from Industrial and Commercial Bank of China (ICBC), the Corporation entered into a pay fixed interest rate and receive floating interest rate hedging arrangement with Standard Bank Plc. The nature of the hedge in place is that it effectively converts the USD825 million loan into a notional basket currency which historical trends and forecasts have indicated to be highly correlated to the Botswana Pula. During the year, the resultant cash flows translate to an average effective interest rate of 6.83% (2023: 6.83%) which management assessed to be reasonable. The cross currency interest rate swap is revalued at quarterly intervals and the valuation methodology incorporates among other factors unobservable inputs, methodology incorporating basis risk, and assumptions on estimation of probability of default risk and loss given default risk when incorporating Credit Valuation Adjustment and Debit Valuation Adjustments in line with IFRS 13. The fair valuation results indicated an asset of P1,024,644,000 (2023: P1,141,591,000). See note 34.

	2024 P'000	2023 P'000		
11 INCOME TAX CHARGE				
Deferred tax	230,174	126,571		
	230,174	126,571		
<i>Income tax reconciliation:</i>				
Loss before taxation	(1,612,251)	(399,041)		
Taxation at 15% (2023: 15%)	(241,838)	(59,856)		
Reversal of deferred tax asset on tax losses previously recognised				
Deferred tax asset not recognised on current year tax loss*	416,769	158,207		
Tax effect of disallowable/non-taxable items	55,243	28,220		
	230,174	126,571		
The Corporation obtained manufacturing Development Approval Order from the Ministry of Finance for a reduced income tax rate 15%.				
*No provision was made for normal taxation since the Corporation has an accumulated tax loss of P6,015,303 000. The losses arising from Corporation's operations can be carried forward for five years from initial period of recognition. The accumulated unexpired tax losses are given below:				
	Tax year	Assessable Loss P'000	Loss C/F P'000	Loss expire in tax year
	2020	(2,116,845)	(2,116,845)	2025
	2021	(1,659,510)	(3,776,355)	2026
	2022	(1,389,441)	(5,165,796)	2027
	2023	(1,029,709)	(6,195,505)	2028
	2024	(2,748,772)	(8,944,277)	2029

Assessed/assessable tax losses as at 31 March 2024 is P 8.9 billion (2023: P6.7 billion) and tax losses in Botswana have to be utilised within five years from the year of origination. As of 31 March 2024, the Corporation has carried forward interest claimable of P486 million (2023: P486million) (due to Section 41A limitation), which could be claimable within three years.

Corporation has not recognised deferred tax asset on tax losses and the interest claimable as the management forecast of taxable income for next five years indicate that the Corporation will not be able to generate adequate taxable income to utilise these before they fall away.

Accordingly, deferred tax asset of P 412 million (2023: P1078 million) has not been recognised.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

12.1	2024 Carrying Amount					
	12 PROPERTY, PLANT AND EQUIPMENT					
	Land & Buildings	Transmission & Generation & Distribution	Vehicles	Other (Furniture & Equipment)	Capital Work in Progress	Total
Revaluation Model	Revaluation Model	Cost Model	Cost Model	Cost Model	Cost Model	Total
P'000	P'000	P'000	P'000	P'000	P'000	
Balance at the beginning of the year	1,135,327	25,591,236	96,481	48,611	950,776	27,822,431
Additions	6,399	203,619	69,632	9,367	387,232	676,249
Disposals cost	-	-	(9,693)	-	-	(9,693)
Accumulated depreciation eliminated on disposals	-	-	9,258	-	-	9,258
Depreciation	(20,340)	(952,498)	(18,810)	(17,618)	-	(1,009,266)
Transfers	-	383,587	-	-	(383,587)	-
Downward Revaluation Adjustment-Substation Buildings Note 3	(30,319)	-	-	-	-	(30,319)
Revaluation adjustment *	49,970	1,160,285	-	-	-	1,210,255
Balance at the end of the year	1,141,037	26,386,229	146,868	40,360	954,421	28,668,915
At 31 March 2024						
Cost/valuation	1,141,037	26,386,229	146,868	40,360	954,421	28,668,915
Carrying amount	1,141,037	26,386,229	146,868	40,360	954,421	28,668,915

Land & Buildings	Transmission & Generation & Distribution	Vehicles	Other (Furniture & Equipment)	Capital Work in Progress	Total
P'000	P'000	P'000	P'000	P'000	P'000

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023 Carrying Amount

Balance at the beginning of the year	971,987	24,362,933	91,608	21,157	1,609,345	27,057,030
Write Backs	-	226	6,668	12,884	-	19,778
Additions	-	149,704	11,899	16,512	306,301	484,416
Disposals cost	-	(135,436)	(5,695)	(56,305)	-	(197,436)
Accumulated depreciation eliminated on disposals	-	135,436	5,695	56,236	-	197,367
Reclassification to Intangible Assets (Cost)	-	-	-	(89,838)	-	(89,838)
Reclassification to Intangible Assets (Acc. Depreciation)	-	-	-	76,382	-	76,382
Reclassification to Intangible Assets (Depreciation)	-	-	-	1,389	-	1,389
Reclassification of Generation buildings (Cost/Valuation)	48,578	(48,578)	-	-	-	-
Reclassification of Generation buildings (Acc. depreciation)	(6,901)	6,901	-	-	-	-
Reclassification of Generation buildings (Depreciation)	(813)	813	-	-	-	-
Depreciation	(21,182)	(897,898)	(13,694)	(11,930)	-	(944,704)
Transfers	19,412	923,334	-	22,124	(964,870)	-
Upward Revaluation Adjustment-Substation Buildings (Note 3)	27,071	-	-	-	-	27,071
Revaluation adjustment*	97,175	1,093,801	-	-	-	1,190,976
Balance at the end of the year	1,135,327	25,591,236	96,481	48,611	950,776	27,822,431

At 31 March 2023

Cost/valuation	1,135,327	25,591,236	96,481	48,611	950,776	27,822,431
Carrying amount	1,135,327	25,591,236	96,481	48,611	950,776	27,822,431

	2024 P'000	2023 P'000
Revaluation Adjustment*		
Gains on revaluation of land, buildings, generation, transmission and distribution assets	1,210,255	1,190,976
Adjustment for revaluation impact on Administration fee levied on Distribution assets as cost	29,691	25,008
	1,239,946	1,215,984

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair value of land and building, generation, transmission and distribution assets

As at 31 March 2024, the fair value assessment of the Corporation's land and buildings was performed by Willy Kathurima & Associates, independent professional valuers and the fair value assessment of the generation, transmission and distribution assets was performed by Minet Risk Management, independent professional valuer.

Market values for land and buildings were determined based on the market comparable approach which reflects recent transaction prices for similar properties and considerations were made with reference to location, accessibility, demand/supply of such properties, quality and standard of the structures, age, condition etc and the prevailing economic and property market trends. These were then compared with the subject property on the same basis to arrive at an adjusted unit value and applied same to the subject property whilst allowing for similarities and dissimilarities accordingly. In cases where comparable market evidence is not available, especially tribal areas, the replacement cost approach has been adopted. For office buildings and training centres a income capitalisation approach was used which is based on estimate rentals it can generate. This involves using similar buildings rentals to calculate fair value. The implied valuation is determined by dividing the market capitalization rate by the net operating income of a rental property. The Corporation uses these for business operations. The fair values of generation transmission and distribution assets was determined using the replacement cost approach which reflects the cost to the market participant to construct assets of a comparable utility and age, adjusted for obsolescence. The estimated construction cost at 31 March 2024 were determined by appropriate inflation and other adjustments to the base cost of individual assets. The significant inputs include estimated construction costs and other ancillary expenditure and a depreciation factor applied to the estimated construction cost. A slight increase in the depreciation factor would result in a significant decrease in the fair value of the generation, transmission and distribution assets, and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the generation, transmission and distribution assets, and vice versa.

There has been no change to the valuation technique during the year. The following table analyses the non-financial assets carried at fair value, by revaluation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2);
- Inputs for the asset and liability that are not based on observable market-data (Level 3).

There were no transfers between levels during the year.

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total fair value P'000
Fair value measurement at 31 March 2024				
Land and Buildings	-	-	1,141,037	1,141,037
Generation transmission and distribution assets	-	-	26,386,229	26,386,229

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total fair value P'000
Fair value measurement at 31 March 2023				
Land and Buildings	-	-	1,135,327	1,135,327
Generation transmission and distribution assets	-	-	25,591,236	25,591,236

The Corporation does not have any property, plant and equipment pledged as security for borrowings.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair value of land and building, generation, transmission and distribution assets (continued)

Significant unobservable inputs used for Level 3 of the fair value hierarchy

Valuation technique	Valuation		Key input and sensitivity
	2024 P'000	2023 P'000	
<i>Land and Buildings</i>			
Sales comparison method	259,744	251,880	Determined based on the recent transaction prices for similar properties with adjustment for other factors mentioned above. Increase in market prices will improve the value of the properties and vice versa.
Income capitalisation	798,827	777,448	These are mainly training centres, office buildings etc. valued based on net market rent capitalised basis. The increase in net market rent and the decrease in capitalisation rate will improve the property value and the opposite would reduce the value.
Depreciated replacement cost	82,466	105,999	These are main substation buildings and value based on replacement cost as no comparable market prices nor the rentals.
	1,141,037	1,135,327	
<i>Generation, transmission and distribution assets</i>			
Replacement cost method	26,386,229	25,591,236	Determined based on change in replacement cost of main components*. 1% increase in cost will increase the value by P244Mn and vice versa.

*this includes cables, overhead lines, isolators, circuit breakers, surge arrestors and all other switchgear equipment, Transformers, reactors, voltage transformers, current transformers and all other electrical equipment assets.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2024 P'000	2023 P'000
12.2 Intangible Assets		
Cost		
Opening Balance	89,838	-
Transfers from Property, Plant and Equipment	-	89,838
Closing Balance	89,838	89,838
Accumulated Amortisation		
Opening Balance	(77,771)	-
Transfers from Property, Plant and Equipment	-	(76,382)
Amortisation Charge	(5,937)	(1,389)
Closing Balance	(83,708)	(77,771)
Net book value		
Cost	89,838	89,838
Accumulated Amortisation & Impairment	(83,708)	(77,771)
	6,130	12,067

No intangible assets were pledged as securities for liabilities. No intangible assets were impaired.

12.3 Carrying amounts that would have been recognised if the Property, Plant and Equipment were stated at cost

	Generation, Land & Buildings P'000	Transmission & Distribution P'000	Total P'000
Carrying Value 31 March 2023			
Cost	876,191	24,832,583	25,708,774
Accumulated Depreciation & Impairment	(167,981)	(7,163,300)	(7,331,281)
	708,210	17,669,283	18,377,493
Carrying Value 31 March 2024			
Cost	882,590	26,329,171	27,211,761
Accumulated Depreciation & Impairment	(169,208)	(7,595,011)	(7,764,219)
	713,382	18,734,160	19,447,542

13 RIGHT OF USE ASSETS

The Corporation has lease obligations for the rental of premises both for residential and commercial purposes. The Right of Asset is the lessee's right to use an asset over the life of the lease. They are recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised and is depreciated over the lease term. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, then the related right-of-use asset is depreciated over the useful life of the underlying asset as follows.

	2024 P'000	2023 P'000
Cost		
Opening Balance	21,211	19,277
New leases during the year	9,532	1,934
Balance at the end of the year	30,743	21,211
Accumulated Depreciation		
Opening balance	17,545	13,244
Charge for the year	4,111	4,301
Balance at the end of the year	21,656	17,545
Net Book Value		
	9,087	3,666
14 INVESTMENTS AT AMORTISED COST		
Debt Service Reserve Account	467,942	436,862
Money Market Accounts	36,654	34,266
Deposits with local financial institutions	504,596	471,128
Deposits with foreign financial institutions	19,867	21,474
Current portion	524,463	492,602
Long-term portion	(504,596)	(471,128)
	19,867	21,474
Investments at amortised cost are classified as non-current assets, except for maturities within 12 months of the statement of financial position date which are classified as current assets. The current portion of the investments held-to-maturity comprises fixed deposits with local banks which earn interest at rates ranging from 3% to 9% (2023: 3% to 6%). These fixed deposits are invested for periods ranging from 7 to 91 days (2023: 7 to 91 days). The long term portion of the deposits with foreign banks have been placed to match the foreign currency exposure on certain of the Corporation's foreign borrowings as per Note 28.		
The deposits denominated in foreign currency are as follows:		
US dollar (\$000)	476,861	456,399

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
--	---------------	---------------

15 CASH AND CASH EQUIVALENTS

15.1 Bank balances, short term investments and cash	271,938	132,227
	271,938	132,227

The Corporation has several bank accounts domiciled in Botswana in different currencies. It also trades in different derivative instruments to manage financial risk particularly foreign exchange risk. The Corporation has \$2 million limit for foreign exchange trades which at year end was not utilised. Infact, a commitment into foreign exchange trade is done only when there is sufficient cash resources.

15.2 Bank overdrafts

Opening overdraft balance	159,345	156,803
Drawdowns during the year	10,498,108	9,704,393
Repayment during the year	(10,533,904)	(9,701,851)
Closing overdraft balance	123,549	159,345

The Corporation has an overdraft facility limit of P190 million with four commercial banks (2023: P200 million). Interest is levied by banks on the overdraft facilities at an average of Prime (6.51%) minus 1%.

16 CONSUMER LOANS - HIRE PURCHASE SCHEME

16.1 Hire purchase scheme	107,626	117,663
Less: Loss allowance	(94,825)	(106,270)
Total	12,801	11,393

Consumer loans represent outstanding balances under the deferred repayment scheme for the cost of capital connections payable by consumers in urban areas over periods of up to 18 months. Terms of payment are agreed with each respective customer.

Loans which are repayable within 18 months are interest free. Loans over longer periods bear interest which is linked to the ABSA Bank of Botswana Limited prime lending rate, which at the end of the year was 6.51% (2023: 6.76%).

However, at the end of 31 March 2024, the net non-current portion of Consumer Loans – Hire Purchase Scheme is insignificant.

16.2 Movement in the loss allowance for hire purchase scheme receivables

Balance at the beginning of year	106,270	96,262
Write off	(1,858)	-
(Release)/charge for the year	(9,587)	10,008
Balance at the end of year	94,825	106,270

Credit risk is spread over numerous consumers located in urban areas. In determining the recoverability of the consumer loans, the Corporation considers any change in the credit quality in accordance of IFRS 9 impairment requirements of the consumer loans receivable from the date credit was initially granted up to the reporting date. The Members of the Board believe that there is no further credit provision required in excess of the loss allowance.

16 CONSUMER LOANS - HIRE PURCHASE SCHEME (CONTINUED)

16.3 Gross carrying values and loss allowance

	31 March 2024	31 March 2023				
	Gross Carrying Value P'000	Loss allowance P'000	Net Carrying P'000	Gross Carrying Value P'000	Loss allowance P'000	Net Carrying Value P'000
Not past due	18,459	(5,658)	12,801	14,978	(3,693)	11,286
Past Due 30 days	1,355	(1,355)	-	2,466	(2,465)	-
Past Due 60 days	1,015	(1,015)	-	12,414	(12,307)	107
Past Due 90 days	12,949	(12,949)	-	3,196	(3,196)	-
Past Due > 365 Days	73,848	(73,848)	-	84,609	(84,609)	-
Total	107,626	(94,825)	12,801	117,663	(106,270)	11,393

	2024 P'000	2023 P'000
--	---------------	---------------

17 CONSUMER LOANS - RURAL COLLECTIVE SCHEME*

17.1 Opening balance before restatement 1 April 2022

Restatement of Consumer loans-Rural Collective Scheme

Opening balance after restatement 1 April 2022

Collection from old rural collective scheme

Write off/Adjustment-restatement

Closing balance after restatement

- (105,353)

- 105,353

- -

- (1,168)

- 1,168

- -

Rural Collective Scheme is a Government revolving fund established to provide rural consumers with access to electricity. The scheme is guaranteed by the Government. Loans which are repayable within a period of 18 months are interest free. Loans over longer periods bear interest which is linked to the ABSA Bank of Botswana Limited prime lending rate which at the end of the year was 6.51% (2023: 6.76%).

* Refer to Note 45 for Restatement.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
18 STANDARD COST RECOVERY		
Opening balance	(84,128)	(84,224)
Impairment charge/non recoverable	(138)	96
Total standard cost before restatement	(84,266)	(84,128)
Restatement		
Closing before restatement	(84,128)	
Transfer to Equity	-	
Opening before restatement	84,224	
Transfer to Retained Earnings/Expense	(96)	
Closing after restatement	-	

The amount represents an under-recovery of connection costs for customers, within the corridor of standard cost of the Rural Electrification funded by the Government. Ordinarily, this amount is recoverable from connection of future customers who will pay more than the actual cost of the connection due to their proximity to the already set up connection. However, in the past financial years, this balance has been less likely to be recoverable in this manner due to the increasing cost of raw materials not matched by revised standard charges to the customer, which were determined by the Government in the prior years. Pursuant to the recovery of these amounts, management sought reimbursement from the Government in the prior years. The amount paid by Government is now being treated as government revolving fund. Standard cost scheme has now been replaced by NESC as disclosed under note 19 and 20.

* Refer to Note 45 for Restatement.

	2024 P'000	2023 P'000
19 STANDARD COST RECOVERY - NESC		
Refunds due from the National Electrification Standard Connection Cost Fund	71,078	52,358

With effect from 1 October 2010, the Government introduced the National Electricity Standard Connection Cost (NESTC) in selected rural and semi-urban areas. Participants of this scheme pay a standard charge of P5,000 or P2 500 for a connection. The difference between this standard charge and the actual cost incurred by the Corporation is claimable from the National Electrification Standard Connection Cost Fund. This fund is established from P0.10 (10thebe) levied to customers for every kWh billed.

	2024 P'000	2023 P'000
20 CONSUMER LOANS - NESC		
Consumer loans - NESC	48,410	66,621
Less: Loss allowance	(41,517)	(63,348)
	6,893	3,273

This balance comprises amounts owing from customers for their contribution under the NESC Scheme referred to in Note 20.1. The customer's electricity connection cost is a standard charge of P5,000 or P2 500, and any short fall is funded from the NESC fund. 5% of the P5,000 is payable by the customer up front and the balance is payable over a period of up to 18 months. Balances repayable within 6 months are interest free and loans over longer periods bear interest which is linked to the ABSA Bank of Botswana Limited prime lending rate, which at the end of the year was 6.51% (2023: 6.76%). Provision has been made on all accounts that defaulted on instalments plans after year end as evidence of default.

20.1 Movement in the loss allowance for consumer loans NESC

Balance at beginning of year	63,348	86,160
Write off	(88)	-
Charge for the year	(21,743)	(22,812)
Balance at end of year	41,517	63,348

Credit risk is spread over numerous consumers located in rural areas. In determining the recoverability of the consumer loans, the Corporation considers any change in the credit quality in accordance of IFRS 9 impairment requirements of the consumer loans receivable from the date credit was initially granted up to the reporting date. The Members of the Board believe that there is no further credit provision required in excess of the loss allowance.

20.2 Gross carrying values and loss allowance

	31 March 2024			31 March 2023		
	Gross Carrying Value P'000	Loss allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss allowance P'000	Net Carrying Value P'000
Not past due	8,384	(1,710)	6,674	3,978	(717)	3,261
Past Due 30 days	1,680	(1,527)	153	545	(533)	12
Past Due 60 days	1,505	(1,439)	66	783	(783)	-
Past Due 90 days	1,096	(1,096)	-	732	(732)	-
Past Due > 365 Days	35,745	(35,745)	-	60,583	(60,583)	-
Total	48,410	(41,517)	6,893	66,621	(63,348)	3,273

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
21 INVENTORIES		
Coal and fuel	79,600	234,875
Maintenance spares and materials	313,301	229,007
Cost	400,579	304,462
Allowance for obsolete stock	(87,278)	(75,455)
	392,901	463,882
Movement of Allowance for obsolete stock		
Opening balance	75,455	48,841
Charge for the year	11,823	26,614
Closing balance	87,278	75,455

The cost of inventories recognised as an expense during the year was P1,242,138,236 (2023: 980,257,182).

22 TRADE AND OTHER RECEIVABLES

Electricity sales receivables:	355,993	247,036
Mining	97,450	28,239
Commercial	274,431	246,889
Domestic	27,874	24,759
Government related entities	153,438	97,284
Unallocated receipts	(13,310)	(16,132)
Less: Loss allowance on electricity sales receivables	(183,890)	(134,003)
Small works contractors receivables:	58,136	61,910
Gross receivables from small works contractors	182,070	170,545
Less: Loss Allowance on Small works contractors receivables	(123,934)	(108,635)
VAT receivable	38,390	-
Southern African Power Pool	12,054	20,525
Other receivables	104,030	71,117
Less: Loss allowance on other receivables	(21,863)	(22,947)
	546,740	377,641

The average credit period on sale of electricity is 55 days (2023: 42 days).

Fair value of the trade and other receivables to approximate their carrying amounts.

The Corporation holds bank guarantees as security against certain of these receivables to the value of P48,759,118 (2023: P33,477,790). In addition, where customers do not have a bank guarantee, they are required to pay a deposit equivalent to two months worth of their estimated consumption before being connected with electricity supply. The value of the deposits held by the Corporation is disclosed per note 29.

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

22.1 Movement in loss allowance - trade receivables

	Electricity sales receivables 2024 P'000	2023 P'000	Small works contractors receivables 2024 P'000	2023 P'000
Balance at beginning of year	134,003	113,544	108,635	96,162
Write offs during the year	(14,511)	(1,115)	-	-
Charge for the year	64,398	21,574	15,299	12,473
Balance at end year	183,890	134,003	123,934	108,635

In determining the recoverability of trade receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Members of the Board believe that there is no further credit provision required in respect of Expected Credit Losses ("ECL").

Expected Credit Loss ("ECL") has been assessed by grouping customers with shared credit risk characteristics and days past due. Accordingly, electricity sales receivable balances are segmented as follows. No segmentation is required in relation to small works contractors receivables.

	Mining P'000	Commercial P'000	Domestic P'000	Government P'000	Total P'000
Balance at beginning of year	1,982	88,628	21,987	21,406	134,003
Write offs during the year	-	(13,991)	(520)	-	(14,511)
Charge for the year	54,532	2,848	3,761	3,257	64,398
Balance at end year	56,514	77,485	25,228	24,663	183,890

	Mining P'000	Commercial P'000	Domestic P'000	Government P'000	Total P'000
Balance at beginning of year	1,621	80,031	19,698	12,194	113,544
Write offs during the year	-	(646)	(469)	-	(1,115)
Charge for the year	361	9,243	2,758	9,212	21,574
Balance at end year	1,982	88,628	21,987	21,406	134,003

Balances due from government related entities are from the normal course of business. The impairment provision includes P24.6 Mn (2023: P21.4 Mn) in respect of government related entities and no amounts have been written off during the year.

P47.1 Mn was written-off during the year comprising P39.9 million consumption debtors and P7.2 Mn prepaid/legacy debtors.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

22.2 Gross carrying values and loss allowance

31 March 2024

	Mining			Commercial				Domestic			Government			Small Works Contractors		
	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000		Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000
Not past due	30,200	(80)	30,120	194,487	(330)	194,157		2,901	(504)	2,397	105,300	(690)	104,610	45,180	(1,693)	43,487
Past Due 30 days	5,524	(22)	5,502	14,835	(2,997)	11,838		344	(96)	248	15,316	(425)	14,891	10,095	(783)	9,312
Past Due 60 days	6,639	(1,325)	5,314	7,371	(168)	7,203		351	(351)	-	9,642	(368)	9,274	8,427	(674)	7,753
Past Due 90 days	47,118	(47,118)	-	17,388	(30,365)	(12,977)		5,142	(5,142)	-	14,677	(10,195)	4,482	81,208	(65,053)	16,155
Past Due > 365 Days	7,969	(7,969)	-	40,350	(43,625)	(3,275)		19,136	(19,136)	-	8,503	(12,985)	-	37,160	(55,731)	-
Totals	97,450	(56,514)	40,936	274,431	(77,485)	196,946		27,874	(25,229)	2,645	153,438	(24,663)	133,257	182,070	(123,934)	76,707

31 March 2023

	Mining			Commercial				Domestic			Government			Small Works Contractors		
	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000		Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000	Gross Carrying Value P'000	Loss Allowance P'000	Net Carrying Value P'000
Not past due	14,455	(33)	14,422	113,461	(1,393)	112,068		2,555	(998)	1,557	52,979	(659)	52,320	35,058	(629)	34,429
Past Due 30 days	7,061	(1,738)	5,323	44,928	(1,870)	43,058		943	(80)	863	14,995	(80)	14,915	15,518	(1,037)	14,481
Past Due 60 days	6,512	-	6,512	8,244	(5,109)	3,135		514	(140)	-	5,900	(208)	5,692	11,377	(6,861)	4,516
Past Due 90 days	29	(29)	-	6,416	(6,416)	-		126	(149)	-	3,475	(524)	2,951	9,245	(761)	8,484
Past Due > 365 Days	182	(182)	-	73,840	(73,840)	-		20,621	(20,621)	-	19,935	(19,935)	-	99,347	(99,347)	-
Totals	28,239	(1,982)	26,257	246,889	(88,628)	158,261		24,759	(21,987)	2,420	97,284	(21,406)	75,878	170,545	(108,635)	61,910

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

Key inputs and sensitivities

Expected loss rates are determined based on historical losses adjusted to reflect current and forward looking macroeconomic factors, where relevant, affecting the customer's ability to settle the outstanding amount.

The Corporation has used historical data up to four years prior to determine the historical loss rates. For trade receivable (electricity sales receivable and small work contractor receivable) 4 years historical data are used to determine the historical loss rate as it was deemed reasonable. However, for consumer loans, 1 year historical data was used to determine the historical loss rate as no reliable data was available for the period. On average, there was no material differences culminating from this choice as indicated in the sensitivity analysis below:

In relation to forward looking macroeconomic factors, consideration was made based on inflation rate by the IMF World Economic Outlook Report to increase by 6.0% in the economy as inflationary adjustment. This was applied on the all receivable except on the Government who is expected to settle all the bills.

CONSUMER LOANS	Current year	2 years Average	3 years Average	4 years Average	
	P'000	P'000	P'000	P'000	
Consumer Loans- Hire Purchase	94,825	97,105	97,960	96,623	
Variance in loss allowance		(2,279)	(3,135)	(1,798)	
Variance as % of loss allowance		-2%	-3%	-2%	
	P'000	P'000	P'000	P'000	
Consumer Loans- NES	41,517	41,558	41,592	41,592	
Variance in loss allowance		(41)	(75)	(75)	
Variance as % of loss allowance		-0.10%	-0.18%	-0.18%	
TRADE RECEIVABLES	Current year	4 years (2019-2022) Average	3 years (2020-2022) Average	2 years (2021-2022) Average	1 year (2023) P'000
	P'000	P'000	P'000	P'000	
Mining	56,514	9,007	8,998	9,043	9,013
Commercial	77,485	61,969	61,969	61,766	62,253
Government	24,663	25,172	26,821	26,626	27,786
Domestic	25,228	25,551	27,188	27,065	27,553
Small Works Contractors	123,934	124,039	124,525	123,991	124,141
Grand Total	307,824	245,738	249,501	248,491	250,746
Variance in loss allowance	62,086	58,324	59,334	57,078	
Variance as % of loss allowance	24.9%	23.4%	23.8%	22.9%	

Net impairment losses on financial and contract assets

	2024 P'000	2023 P'000
Consumer loans-Hire purchase scheme	(11,445)	10,008
Consumer loans-Nesc	(21,831)	(22,812)
Trade and Other Receivables	80,545	34,129
	47,269	21,325
As disclosed in the Statement of Comprehensive Income	47,269	21,325

	2024 P'000	2023 P'000
23 IRREDEEMABLE CAPITAL		
Balance at beginning of year*	11,028,017	10,883,827
Transfers during the year	107,349	144,190
Reclassification of Government Advance	-	-
Restatement of Standard Cost Recovery	-	-
Balance at end of year	11,135,366	11,028,017

	2023 P'000
Restatement	
Opening balance before restatement 1 April 2022	10,573,103
Prior year Restatement of Government Advance	203,836
Prior year Restatement of Standard Cost Recovery	106,888
Opening Balance after restatement 1st April 2022	10,883,827

* Refer to Note 45 for Restatement

Irredeemable capital comprises contributions received from the Government of Republic of Botswana in respect of its obligations as the owner of the Corporation in terms of the Botswana Power Corporation Act (74:01).

24 REVALUATION RESERVE

Balance at beginning of year*	10,073,372	9,037,277
Revaluation surplus for the year (net of taxes)	1,058,408	1,036,095
Balance at the end of year	11,131,780	10,073,372

The properties revaluation reserve arises on the revaluation of land and buildings, generation, transmission and distribution assets.

25 OTHER RESERVES

Balance at the beginning and end of year	1,803,087	1,803,087
------------------------------------------	------------------	------------------

The purpose of this reserve is to complement the funding requirements for capital expenditure for the Corporation's expansion program.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
26 DEFERRED INCOME*		
26.1 Consumer Financed Projects		
Balance at beginning of the year*		
	2,657,103	2,620,247
Additions*	209,137	154,421
Amortisation	(82,650)	(117,565)
Balance at the end of the year	2,783,590	2,657,103
Restatement		
Opening balance before restatement 1 April 2022		
Restatement of Solar plant grant to Government grant		
Restatement of CFP Overs and Unders deferred income		
Opening Balance after restatement 1st April 2022	2,620,247	
26.2 Government Grant		
Balance at beginning of the year*	887,580	926,016
Additions	-	-
Amortisation	(38,874)	(38,436)
Balance at the end of the year	848,706	887,580
Restatement		
Opening balance before restatement 1 April 2022		
Restatement of Solar plant grant to Government grant		
Restatement and Recognition of Orapa Power Plant		
Opening Balance after restatement 1st April 2022	926,016	

Deferred income-Consumer Finance Project comprises the price consideration charged to customers who finance items of property, plant and equipment for electricity connection purposes. Deferred income is amortised to the statement of comprehensive income over the useful life of the related items of property, plant and equipment.

* Refer to Note 45 for Restatement

	2024 P'000	2023 P'000
27 DEFERRED TAX LIABILITY		
The movement on the deferred tax liability is as follows:		
Balance at beginning of the year*		
	(2,366,574)	(1,923,707)
Charge to the income statement for the year (note 11)	(230,174)	(126,571)
Initial recognition of Orapa Power Plant	-	(136,407)
On gain on revaluation of land and buildings and generation, transmission and distribution assets	(181,538)	(179,889)
Balance at end of the year	(2,778,286)	(2,366,574)
Deferred tax liability		
Comprising:		
Property, plant and equipment	(2,908,389)	(2,545,865)
Unrealised exchange losses	(45,662)	30,950
Deferred income - CFP	94,180	75,185
Others - Disallowed expenses	81,453	72,813
Right of Use Assets	(1,363)	(550)
Lease Liability	1,495	893
	(2,778,286)	(2,366,574)

Corporation has not recognised deferred tax asset on tax losses and the interest claimable as the management forecast of taxable income for next five years indicate that the Corporation will not be able to generate adequate taxable income to utilise these before they fall away.

Accordingly, deferred tax asset of P412 million (2023: P1078 million) has not been recognised.

* Refer to Note 45 for Restatement

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	Current		Non-current	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
28 BORROWINGS				
Borrowings at amortised cost				
Government of the Republic of Botswana (funded by Nordic Development Fund)	2,985	2,858	20,896	22,863
First National Bank Botswana	150,000	-	-	-
ABSA Bank of Botswana	146,000	-	-	-
Industrial and Commercial Bank of China	624,397	593,421	3,088,222	3,528,442
	923,382	596,279	3,109,118	3,551,305
Currency analysis of borrowings				
Foreign currency denominated		3,736,500	4,147,584	
Total borrowings		3,736,500	4,147,584	
<i>Interest Rate per annum</i>				
Government of the Republic of Botswana (funded by Nordic Development Fund)	0.75%	23,881	25,721	
First National Bank Botswana	Prime less 0.25%	150,000	-	
ABSA Bank of Botswana	Prime less 1%	146,000	-	
Industrial and Commercial Bank of China	Synthetic Libor+ 160bps*	3,712,619	4,121,863	
		4,032,500	4,147,584	

*LIBOR transition was ongoing to use Secured Overnight Financing Rate (SOFR) as a replacement

The borrowings are repayable as follows

Up to 1 year	923,382	596,279
2 - 5 years	2,509,528	2,385,117
Later than 5 years	599,590	1,166,188
Total	4,032,500	4,147,584

The Government of Republic of Botswana (funded by Nordic Development Fund) loan is repayable in bi-annual instalments with the last payment date in 2031. The loan is matched to foreign deposits placed with foreign banks made by the Corporation as disclosed in note 14.

The Industrial and Commercial Bank of China loan is repayable in biannual instalments over a 20 year period. The loan is hedged per the hedging arrangement disclosed in note 34. The loan has a Debt Service Reserve Account which is maintained as a loan installment security. The account holds an equivalent of one next installment and the account is held at Stanbic Bank of Botswana.

First National Bank Botswana and ABSA Bank of Botswana are short term loans taken as bridging loan for the ongoing credit origination of P1.722 billion expected to be concluded during the next financial year. The First National Bank of Botswana has a cession on Botswana Power Corporation collection account held with First National Bank in case of default.

28 BORROWINGS (CONTINUED)

Movement during the year is as follows:

	2024 P'000	2023 P'000
Balance at beginning of the year	4,147,584	4,134,675
Re-payments	(621,006)	(602,092)
Drawdown on short term loans	296,000	-
Exchange loss on borrowings	99,922	615,001
Balance at end of the year	4,032,500	4,147,584

29 CONSUMER DEPOSITS

Consumer deposits-non current	84,852	84,126
Consumer deposits refunds-current	2,650	726
87,502	84,852	

Consumer deposits comprise amounts received from customers held as security against failure to settle accounts. These ordinarily represent two months estimated electricity consumption by customers and are refundable on closing the customer account after applying it to any amount outstanding then.

30 TRADE AND OTHER PAYABLES

Trade payables and accruals	2,619,781	1,720,523
National Electricity Standard Cost levy payable to Government of Botswana	374,606	176,219
Contract liability-Post paid Customers	177,285	126,185
Contract liability-Prepaid Customers	41,012	39,473
Interest on borrowings	12,070	12,246
Retentions	952,718	934,806
Payroll related accruals (Note 30.1)	114,173	102,344
	4,291,645	3,111,796

The average credit period on purchases from most suppliers is 30 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged at varying rates of interest per annum on the outstanding balance. The Corporation has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The directors deem the fair value of the trade and other payables to approximate their carrying amounts. Contract Liability relates to prepaid electricity not used up by customers at as year end.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

30 TRADE AND OTHER PAYABLES (CONTINUED)

30.1 Payroll Related Accruals Movement

	Leave pay P'000	Gratuity P'000	Total P'000
Opening balance 1 April 2022	71,246	16,453	87,699
Charge for the year	20,505	14,722	35,227
Payments made during the year	(10,075)	(10,507)	(20,582)
Balance at 31 March 2023	81,676	20,668	102,344
Opening balance 1 April 2023	81,676	20,668	102,344
Charge for the year	23,648	14,015	37,663
Payments made during the year	(12,325)	(13,509)	(25,834)
Balance at 31 March 2024	92,999	21,174	114,173
	2024 P'000	2023 P'000	

31 ADVANCES - CONSUMER FINANCED PROJECTS

Advances received from customers	1,276,949	1,153,620
----------------------------------	------------------	------------------

These are funds received in advance from customers for electricity connections and capacity modifications. The amounts are interest free and are expected to be expended during the normal course of the Corporation's business.

32 PROVISIONS

	Coal off-take penalty P'000	Litigation claims P'000	Total P'000
Opening balance 1 April 2022	48,028	24,643	72,671
Charge/(reversal) for the year	(16,330)	56,785	40,455
Payments made during the year	-	(400)	(400)
Balance at 31 March 2023	31,698	81,028	112,726
Opening balance 1 April 2023	31,698	81,028	112,726
Charge/(reversal) for the year	75,326	(1,936)	73,390
Payments made during the year	(32,693)	-	(32,693)
Balance at 31 March 2024	74,331	79,092	153,423

32 PROVISIONS (CONTINUED)

Coal off-take penalty

In terms of the revised coal supply contract, should the Corporation fail to take an average annual delivery to a maximum agreed metric tonnes of coal during the period, penalties would be charged to the Corporation for the difference between the actual off-take and agreed tonnes. The estimated coal off-take penalty may vary as a result of the actual annual performance of the plants.

Litigation claims provision

The provision represents claims under employee disputes and claims for public liability. The amounts represents the directors best estimate of future outflows of economic benefits that will be required under the Corporations obligation for legal claims. The estimate has been based on the basis of historical claims trends and may vary as a result of and other issues affecting public liability. It is expected to be utilised in the future.

	2024 P'000	2023 P'000
Balance at the beginning of the year	5,950	8,145
New leases during the year	9,532	1,934
Interest expense	976	571
Repayments	(6,489)	(4,700)
Balance at the end of the year	9,969	5,950

The weighted average incremental borrowing rate for lease liabilities initially recognised as of 1 April 2019 was 8% per annum.

Non Current	6,036	2,359
Current	3,933	3,591
	9,969	5,950

Maturity analysis

Year 1	6,866	4,098
Year 2	2,319	1,384
Year 3	1,253	748
Year 4	685	409
Year 5	57	34
	11,180	6,673
Unearned Interest	(1,211)	(723)
	9,969	5,950

Amounts recognised in the income statement

Depreciation expense of right-of-use asset	4,111	4,301
Interest expense on lease liabilities	976	571
	5,087	4,872

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

	2024 P'000	2023 P'000
34 OTHER FINANCIAL ASSETS AT FAIR VALUE		
Financial assets carried at fair value through profit or loss (FVTPL)		
Balance at beginning of the year	1,141,591	637,929
Unrealised fair value gain on the cross currency and interest rate swap	(116,947)	503,662
Balance at end of the year	1,024,644	1,141,591

To reduce the fair value risk of changing interest rates and foreign currency exchange rates on the loan from Industrial and Commercial Bank of China (ICBC), the Corporation entered into a pay fixed interest rate and receive floating interest rate hedging arrangement with Standard Bank Plc. The swap matures every six months starting on 15 January 2010. The swap is made up of a basket of notional currencies on which interest is calculated on the predetermined notional currency amounts at a fixed interest rate and converted to Botswana pula at the exchange rate ruling two days before the settlement date. The Corporation receives in United States Dollars (USD) an amount calculated on the hedged amount based on the 6 month USD SOFR+Credit Adjustment Spread (CAS) of 0.42826% +1.60%. This amount is received in USD and is calculated based on the same rate charged on the loan from ICBC.

The USD amount hedged is converted to the basket of notional currencies based on the following percentages and also attracts interest at the percentages shown below.

	Fixed interest rate		Basket currency split	
	2024 %	2023 %	2024 %	2023 %
South African Rands	9.77	9.77	45	45
United States Dollars	4.09	4.09	23	23
Euro	4.87	4.87	17	17
British Pound	4.78	4.78	4	4
Chinese Yuan	4.40	4.40	7	7
Japanese Yen	4.22	4.22	4	4
	100		100	

The hedged amount is pegged in USD for the hedging bank, Standard Bank plc. This amount is determined at the beginning of every six months based on the estimated drawdown on the USD 825 million loan facility with the ICBC. At statement of financial position date the hedged amount and the loan from ICBC were as follows:

	2024 USD'000	2023 USD'000	2024 USD'000	2023 P'000
Notional hedged amount	270,277	315,735	3,712,619	4,121,863
Loan balance (Note 28)	(270,277)	(315,735)	(3,712,619)	(4,121,863)
Over hedged amount	-	-	-	-

	2024 P'000	2023 P'000
35 COMMITMENTS		
35.1 Capital commitments		
Authorised but not contracted	216,505	63,816
	216,505	63,816
The Corporation will finance the above expenditure through internal funds and Government funding.		
35.2 Operations and maintenance contract		
The Corporation entered into a contract for the operations and maintenance of its power station for a period of 4 years.		
Within one year	165,757	132,112
Later than one year but not later than 5 years	663,028	528,449
	828,785	660,561

36 NOTE TO THE STATEMENT OF CASH FLOWS

Cash generated from operations:		
Loss before tax	(1,612,251)	(399,041)
Interest income	(32,279)	(25,560)
Finance cost	422,002	281,908
	(1,222,528)	(142,693)
<i>Adjustments for non-cash items:</i>		
Depreciation of property, plant and equipment (Note 12.1 & 12.2)	1,015,203	944,704
Depreciation write backs	-	(19,779)
Depreciation of right-of-use assets (Note 13)	4,111	4,301
Downward revaluation adjustment on substation building assets (Note 12)	30,319	(27,071)
Movement in investments at amortised cost	1,607	296
Fair value gain on cross currency and interest rate swap (Note 10)	(170,889)	(660,161)
Amortisation of deferred income - consumer finance projects (Note 26.1)	(82,650)	(117,565)
Amortisation of deferred income - government grant (Note 26.2)	(38,874)	(38,436)
Unrealised exchange loss (Note 28)	209,922	615,001
Effect of foreign exchange rate changes on cash and cash equivalents	23,676	58,483
Movement in provisions	40,697	40,055
Adjustments for adjustments of Admin fee to revaluation reserves*	29,691	25,007
Effect of prior year capital expenditure on Consumer Financed Projects	200,348	154,421
Profit on disposal of property, plant and equipment	(2,345)	(271)
	38,288	836,292

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

36 NOTE TO THE STATEMENT OF CASH FLOWS (CONTINUED)

	2024 P'000	2023 P'000
Working capital changes:		
(Increase)/ Decrease in standard cost recovery - NES	(18,720)	105,844
Decrease in consumer loans - NES	(3,620)	435
Increase in consumer loans - hire purchase scheme	(14,08)	(1,435)
Decrease in inventories	70,981	49,942
Increase in trade and other receivables	(169,099)	(61,284)
Increase in consumer deposits	2,650	4,369
Decrease / (Increase) in standard cost recovery (Note 18)	138	(96)
Increase in trade and other payables	1,179,846	301,605
Increase in advances - consumer financed projects	238,058	152,524
	1,298,826	551,904
Cash generated from operations	1,337,114	1,388,196

* Refer to Note 45 for Restatement.

37 RETIREMENT BENEFITS

All permanent citizen employees of the Corporation are members of a defined contribution plan operated by independent administrators. This fund is registered under the Pension and Provident Funds Act (Cap 27:03). The Corporation is required to contribute 15% (16% for contributory employees) of the pensionable earnings of the members. The only obligation of the Corporation with respect to the defined contribution plan is to make the specified contributions.

Contract employees who are not members of the defined contribution plan are entitled to gratuities that are calculated on a percentage of the basic salary over the period of their employment. These are accrued for on a time served basis. The contributions recognised as an expense for the defined contribution plan and the gratuity expense are disclosed per Note 6.

38 FINANCIAL INSTRUMENTS

38.1 Capital structure

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Corporation's overall funding strategy remains unchanged during the year ended 31 March 2024.

The capital structure of the Corporation consists of debt, which includes the current and non-current liabilities as disclosed on the statement of financial position, cash and cash equivalents disclosed on the statement of cash flows and equity and reserves comprising irredeemable capital, revaluation reserves, other reserves and accumulated losses as disclosed in Notes 23, 24, 25 and the statement of financial position respectively.

38 FINANCIAL INSTRUMENTS (CONTINUED)

	2024 P'000	2023 P'000
Gearing ratio		
Debt	16,386,119	14,687,130
Cash and cash equivalents	(271,938)	(132,227)
Net debt	16,114,181	14,554,903
Equity	15,149,471	15,826,001
Net debt to equity ratio (%)	(106%)	(92%)
38.2 Categories of financial instruments	Notes	
Financial assets at amortised cost		
Investments at amortised cost	(Note 14)	524,463
Loans and receivables (including cash and cash equivalents)	(Notes 15,16,17, 28,20)	909,450
		576,892
	1,433,913	1,069,494
Financial assets held at fair value through profit or loss	(Note 34)	1,024,644
Financial liabilities at amortised cost		8,545,165
Breakdown		
Borrowings	(Note 28)	4,032,500
Consumer deposits	(Note 29)	87,502
Lease Liability	(Note 33)	9,969
Bank Overdraft	(Note 15)	123,549
Trade and other payables	(Note 30)	4,291,645
		3,111,796
Financial liabilities at amortised cost		8,545,165
		7,509,527

38.3 Financial risk management objectives

The Corporation's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

38.4 Market risk

The Corporation's activities expose it primarily to the financial risk of changes in foreign exchange rates (see 38.5 below) and interest rates (see 38.6 below). The risk of movements in foreign exchange rates is mitigated through:

- maintaining money market investments in currencies that match the foreign loan obligations;
- maintaining foreign currency bank accounts to settle foreign currency obligations; and
- cross currency swaps per note 34.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

38 FINANCIAL INSTRUMENTS (CONTINUED)

38.5 Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters through active engagement of bankers to obtain the best available rates in the market and maintaining bank balances in the respective currencies that the Corporation has exposure in. The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities (Borrowings, trade and other payable and bank balances) at the reporting date are as follows:

	Liabilities		Assets	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Denominated in the following currencies:				
United States Dollar	5,347,504	4,952,009	476,862	456,400
South African Rand	288,926	49,099	1,167	2,606
Euro	51,136	-	727	171
British Pound	45	34	-	-
	5,687,611	5,001,142	478,756	459,177

38.5.1 Foreign currency sensitivity analysis

The following table shows the effect of a 0.5% devaluation in the Botswana Pula currency against major currencies. The amount is exact and opposite if the Botswana Pula currency strengthened against major currencies. This sensitivity analysis is based on the year end exposure to foreign currency risk.

	2024 P'000	2023 P'000
Increase in income/loss for the year	(26,044)	(22,710)

38.6 Interest rate risk management

The Corporation is exposed to interest rate risk as it holds both fixed and floating interest rate financial instruments. The risk is managed by the Corporation by spreading the short term investment portfolio across various financial institutions to maximise returns.

The Corporation's financial assets exposed to interest rate include banks balances, investments at amortised cost and financial liabilities exposed to interest rate include borrowings. Refer to liquidity risk management section of this note for further details.

38.6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates based on the history of the movement of the prime lending rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's:

	2024 P'000	2023 P'000
Loss for the year would increase by	(22,712)	(27,254)

38 FINANCIAL INSTRUMENTS (CONTINUED)

38.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by obtaining deposits from new customers, guarantees from the bank and continuously monitoring the debtors. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, customers are disconnected until they settle and increase their deposits.

The concentration of credit risk for consumer loans (hire purchase and NESC) and trade accounts receivable, is disclosed on Note 16, 18 and 20. The most significant credit risk concentration of other financial assets are disclosed as follows.

Counterparty	Credit Rating	Grade	Rating Agency	2024 P'000	2023 P'000
Vunani Fund Managers	Not applicable	Not applicable	Not applicable	14,368	13,368
Barclays Bank of London	Baa2	Investment grade	Moody's	19,867	21,474
Access Bank of Botswana	B	Investment grade	Fitch Ratings	4,640	1,092
ABSA Bank of Botswana	BAA2	Investment grade	Fitch Ratings	15,801	60,316
Stanbic Bank Botswana	BA3	Investment grade	Moody's	459,925	402,956
First National Bank Botswana	BA2	Investment grade	Moody's	45,994	(46,029)
Botswana Investment Fund Management	BB	Investment grade	GRC	22,286	20,898
Standard Chartered Bank	A1	Investment grade	Moody's	90,268	36,164
Total				673,149	510,239

Investment grade are those financial assets rated in one of the four highest rating categories in line with international rating agencies. Non investment grade are those rated in the rest of the rating categories in line with international rating agencies.

38.8 Liquidity risk management

Liquidity risk is the risk of financial loss to the Corporation arising from its inability to fund increase in assets and/or meet obligations as they fall due. The formality and sophistication of the Corporation's liquidity risk management processes reflect the nature, size and complexity of its activities. The Corporation has a thorough understanding of the factors that could give rise to liquidity risk and has put in place mitigating controls. Included in note 38.8.2 is the amount of facilities that the Corporation has at its disposal to further reduce liquidity risk.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

38 FINANCIAL INSTRUMENTS (CONTINUED)

38.8.1 Liquidity risk and interest tables

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The table includes only expected gross cash flows.

2024	Up to 1 year P'000	2 to 5 years P'000	more than 5 years P'000	Total P'000
Interest bearing	1,006,183	2,939,549	596,605	4,542,337
Non-interest bearing	5,571,244	84,852	-	5,656,096
	6,577,427	3,024,401	596,605	10,198,433

2023	Up to 1 year P'000	2 to 5 years P'000	more than 5 years P'000	Total P'000
Interest bearing	1,028,607	3,112,796	1,309,475	5,450,878
Non-interest bearing	4,266,142	84,126	-	4,350,268
	5,294,749	3,196,922	1,309,475	9,801,146

Interest bearing	Notes	2024	2023
		P'000	P'000
Borrowings	28	4,405,293	5,955,666
Bank Overdraft	15.2	123,549	159,345
Leases	33	13,495	5,950
		4,542,337	6,120,961

Non-interest bearing	Notes	2024	2023
		P'000	P'000
Consumer deposits	29	84,852	84,126
Consumer deposits refunds	29	2,650	726
Trade and other payables	30	4,291,645	3,111,796
Advances - consumer financed projects	31	1,276,949	1,153,620
		5,656,096	4,350,268

Assets maintained to mitigate liquidity risk of financial liabilities

Debt Service Reserve Account	467,942	436,862
------------------------------	---------	---------

The Corporation has a Debt Service Reserve Account (DSRA) for a ICBC loan held with Stanbic Bank of Botswana. In line with the facility agreement, the Corporation is supposed to keep an equivalent of one bi-yearly instalment in the reserve account to ensure settlement at the next installment. The reserve account is kept in USD with Stanbic Bank of Botswana and earns interest which can be transferred to Botswana Power Corporation. It is exposed for foreign exchange and interest rate risk. The reserve account is maintained until 11 March 2031.

38 FINANCIAL INSTRUMENTS (CONTINUED)

Notes	2024 P'000	2023 P'000
Interest Rate currency Swap	1,024,644	1,141,591

This asset is an interest rate currency swap deposit held with Standard Bank Plc. The asset is put to mitigate against liquidity risk of ICBC loan. The Corporation secured the loan for construction of Morupule B Power Station. It is exposed for foreign exchange and interest rate risk. The reserve account is maintained until 11 March 2031.

Interest Rate Swap	19,867	21,474
--------------------	--------	--------

This asset is an interest rate swap deposit placed with Barclays Bank London. The asset is put to mitigate against liquidity risk of interest bearing financial liabilities of the Corporation. The maturity date of the deposit 4 December 2031.

38.8.2 Facilities

The Corporation has access to the following unutilised financing and overdraft facilities of P190 million (2023: P200 million).

38.9 Fair value measurements

The directors of the Corporation believe that all the carrying amounts of all financial instruments approximate their fair values. The fair value of these financial instruments is determined based on the accounting policy on financial instruments.

38.9.1 Fair value measurements recognised in the statement of financial position

This note provides information about how the Corporation determines the fair values of the various financial assets and financial liabilities.

Some of the Corporation's financial assets and financial liabilities are measured at fair value at the end of each reporting period on recurring basis.

The following table gives information about how the fair values of the financial instruments are determined (in particular, the valuation techniques and the inputs used).

Refer to note 12 for fair value of land and building, generation, transmission and distribution assets.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

38 FINANCIAL INSTRUMENTS (CONTINUED)

38.9 Fair value measurements

38.9.1 Fair value measurements recognised in the statement of financial position

Financial assets	Fair value as at 2024 P'000	Fair value as at 2023 P'000	Fair value Valuation technique(s) hierarchy and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Cross currency and interest rate swap	Asset - 1,024,644	Asset - 1,141,591	Level 3 Discounted cash flow (income approach) valuation technique. Firstly the cross-currency swap is valued on a clean basis excluding credit and debit valuation adjustments (CVA and DVA). The future cash flows of the two legs of the cross currency swap are projected in USD, based on market observable forward exchange rates as far as possible. These cash flows are then discounted using the 3 Month USD Libor swap curve, built from market observable money market instruments, FRA's (forward rate agreements) and swaps. Forward rates are calculated from the USD Libor swap curve to project the expected future 3 Month Libor Rates. Secondly a CVA and DVA adjustment is calculated by applying the default probabilities (PDs), loss-given default (LGDs) estimates and potential future exposures of the deal. The potential future exposure is calculated with the use of Monte-Carlo simulation techniques. The Hull-White single factor model is used to simulate multiple USD interest rate scenarios and Geometric Brownian Motion (GBM) processes are used to simulate multiple exchange rate scenarios.	For the clean valuation: The Botswana pula forward currency rate was unobservable after the four year point requiring an unobservable basis spread adjustment to the interest rate parity relationship used to project the future expected Pula currency rates. For the CVA and DVA valuation adjustment the following inputs were not directly market observable: - The default probabilities and loss given default estimates of the Corporation and Standard Bank plc. - The correlation parameters between the currency pairs and interest rates (short term USD interest rates), - The alpha and sigma parameters in the Hull-White single factor interest rate model.	The higher the Botswana pula currency basis spread the higher the fair value of the asset the higher Standard Bank PLC's default probability and LGD the lower the value of the swap. The higher the Corporation's default probability and LGD the higher the value of the swap. The higher the correlation of the parameters the higher the CVA and DVA adjustments. The higher the alpha parameter the lower the CVA and DVA adjustment. The higher the sigma parameter the higher the CVA and DVA adjustment.

.The reconciliation of the level 3 derivative financial instrument is disclosed in note 34

	2024 P'000	2023 P'000

39 CONTINGENT LIABILITIES

39.1 Public liability

The Corporation is a defendant in various public liability disputes and has disclaimed these liabilities. No provision in relation to these claims have been recognised in the financial statements, as legal advice indicates that it is not probable that a significant liability will arise. The claims are Nil (2023: Nil). The Corporation has no further contingent liabilities.

39.2 Claims for delay liquidated damages made under the EPC contract

Under the Engineering Procurement and Construction ("EPC") Contract the Corporation is permitted to charge the contractor penalties for breach of contract and vice versa. However, the parties are still to finalise the negotiations of the liquidated damages for the late project completion and claims for time extension and costs as well as non-compliances which cannot be remedied. Based on the project status, and the guiding principles assessment, management expects that the EPC Contractor claims will not exceed the Corporation's liquidated damages claims.

40 RELATED PARTY BALANCES AND TRANSACTIONS

The Corporation is 100% owned by the Government of Botswana. Transactions and account balances with the Government of Botswana and government related entities are disclosed in Note 1, Note 7 and Note 22.

The following transactions and account balances with the Government of Botswana and government related entities are included in the financial statements.

40.1 Transactions with Government of Botswana and government related entities

	2024 P'000	2023 P'000
Revenue from government related entities (Note 01)	666,469	648,777
Consumer tariff Subsidy (Note 07)	2,125,920	600,000
	2,792,389	1,248,777

40.2 Receivables from government related entities

Receivables from government related entities (Note 22)	153,438	97,284
--------------------------------------------------------	----------------	---------------

40.3 Remuneration of key entity personnel:

Salaries and other short term employee benefits	15,167	15,499
Terminal benefits	1,899	4,667
Board fees	2,146	2,599
	19,212	22,765

Key entity personnel comprises of executive management as disclosed on Page 1 of the financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

41 REMEDIAL WORKS - MORUPULE B POWER STATION

The reliability of the Morupule B Power Station is being impacted by construction and equipment defects which manifested since the phased commissioning of the plant commencing in 2012. These defects are being remedied through the ongoing remedial works project to make the plant operate reliably at full capacity.

A comprehensive Gap Analysis (Root Cause Analysis) was performed by the Corporation with assistance of the owners engineer and the boiler original designers in 2014 to determine the manner and extent of defects remediation.

The Engineering Procurement and Construction (EPC) contract was amended to enable implementation of the Gap Analysis measures at the cost of the contractor and extension of the defects liability period and withholding of performance security and retention by BPC which would have been paid to the contractor had the contractor fulfilled its obligation.

The signing of the Amendment Agreement with the EPC contractor on 29 August 2016, to carry out remedial works on the plant, was followed by the engineering design stage. The engineering design phase took longer than planned on account of the Fluidized Bed Heat Exchanger (FBHE) design issues.

The FBHE design issues culminated in the Second Amendment Agreement. Consequently, the shutdown of the first unit (Unit 4) for implementation of the remedials was delayed by more than a year and was commenced in June 2019.

Unit 4 remediation took longer than expected on account of Covid-19 onset in 2020 and its impact in terms of schedule was longer than the period of Covid. In addition, Unit 4 experienced a challenge regarding the steam turbine failure which also needed fixing in addition to FBHE defects. Steam turbine failures of this nature are rare and in any case such failures can be addressed within the scheduled remedial works unit outage period.

Remediation of Unit 4 was completed in September 2022. After commissioning, Unit 4 experienced pressure part failures on one of the FBHEs which necessitated deferment of the outage of the second unit for remediation to allow for a root cause analysis to determine cause of the FBHE failures.

The cause of FBHE pressure part failures was resolved in July 2023. The next unit (Unit 3) will be shut down for remediation in November 2024. The timeline for remedying Unit 3 is 11 months which means the unit is scheduled to return to service in October 2025. It will be followed by two other units and the Morupule B remedial works project is expected to be fully completed by December 2027.

Whilst Unit 4 remediation took a longer time to complete, works on the next 3 units are expected to be completed within the scheduled timeline of 11 months each because the challenges experienced on Unit 4 are not expected to recur and that all four units are identical.

In addition, based on the learnings from the trial unit (Unit 4), remedial works on the remaining units is expected to progress with much less challenges (if any). It is considered that most of Unit 4 challenges were unique therefore there is remote possibilities of recurrence on the remaining units.

A two -year Defects Notification Period will follow the completion of the remedial works on each unit.

The costs for remedying defects is borne by the EPC contractor. The Corporation currently holds a retention of USD 58 million and performance security of USD 58 million against the Contractor to encourage the contractor to meet its obligation as provided in the EPC contract.

42 COMPLIANCE WITH THE BOTSWANA POWER CORPORATION ACT (CHAPTER 74:01)

In terms of section 17 of the Botswana Power Corporation Act (Chapter 74:01), the Corporation is required to conduct its affairs on sound commercial lines and to produce a net operating income by which a reasonable return can be measured. Inclusive of a consumer tariff subsidy provided by the Government of Republic of Botswana amounting to P2,125,920,000 (2023: P600,000,000), the Corporation has achieved an operating loss of P1,194,254,000 (2023: restated Operating loss of P92,037,000). Thus, it has not complied with all the requirements of financial provisions of the Act.

43 GOING CONCERN

Inclusive of a consumer tariff subsidy of P2,125,920,000 (2023: P600,000,000) provided by the Government of the Republic of Botswana ("the Government"), the Corporation has recorded an operating loss of P1,194,254,000 (2023: restated Operating loss P92,037,000) and a loss after tax for the year of P1,842,425,000 (2023: restated Loss of P525,612,000). As at 31 March 2024, the Corporation has an accumulated loss of P8,920,762,000 (2023: P7,078,475,000) and as of that date the Corporation's current liabilities exceed its current assets by P4,968,584,000 (2023: P3,626,181,000).

The Corporation's operating cash flow forecasts for the financial year ending 2024/25 indicate that it would generate sufficient net cash flows to remain a going concern. Such forecasts are dependent on the Corporation being able to complete ongoing remediation works and operate its Morupule B Plant at expected capacity. The cash flow forecasts take account the following:

- continuing financial support from the Government of the Republic of Botswana through a P1 500,000,000 consumer tariff subsidy relating to the FY 24/25 financial year, which was received subsequent to year end in April 2024; and
- a disbursement of P1.472 billion long term loan that addresses shortage of generation spares and to settle critical overdue suppliers which was received subsequent to year end on July 2024.

Failure to generate electricity will require the Corporation to import units from regional power suppliers. Such imports have historically been more expensive than internally generated units, placing significant strain on the Corporation's cash flows.

The Ministry of Mineral Resources and Energy recognises that the Corporations' tariffs are yet to reach cost recovery levels, thus the Corporation's financial position continues to detract from its ability to finance its operations on a sustainable basis. Further, it has confirmed (on a non-binding basis) that the Ministry will continue to facilitate and support the Corporation's requests post the FY 24/25 financial year and motivations to Government for cost-efficient tariffs as well as, where necessary, support for revenue shortfalls. In pursuit of this commitment, the Government has allocated P1,500,000,000 towards mitigation for the Corporation's financial shortfall for the financial year 2024/2025 which was received subsequent to year end on April 2024 and P1,200,000,000 for the FY 25/26 financial year which has not yet been received. The Government of the Republic of Botswana has historically provided financial support to the Corporation by way of annual tariff subsidies. Such support, which is required for the future sustainability and operability of the Corporation, is expected to continue in future periods, as confirmed through past actions and in writing by the Ministry of Mineral Resources and Energy.

Government support in the form of a tariff subsidy beyond financial year 2024/2025 as noted above has, however, not yet been formally communicated or approved as the budgeting process for financial year 2025/26 is still ongoing. The Corporation will not be able to operate beyond the financial year 2024/25 without the required government support. Although past practice has indicated ongoing financial support from Government to the Corporation, such a commitment is not legally binding or enforceable.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

44 EVENTS AFTER THE REPORTING PERIOD

The Members of the Board are not aware of any matters or circumstances arising since the end of the financial year that would have a significant impact on the financial position of the Corporation or the result of its operations.

45 RESTATEMENTS

The Corporation has identified the following errors relating to prior periods:

45.1 Recognition of Orapa Power Plant

In 2010, Government of Botswana transferred to the Corporation the Orapa Power Plant which should have been capitalised to the fixed asset register and the accounting records. This omission represents a prior period error. The financial statements have been restated to correct the error and reflect the Orapa Power Plant as a fixed asset. Management has applied judgment and concluded that it is impracticable to restate for the impact of this transaction from 2010. To restate retrospectively from 2010, means that the fair value of the Orapa power plant must be established from 2010 in order to account for the receipt of the Orapa power plant at fair value at that date with a corresponding government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance". This information is not known and cannot be reliably determined. The earliest date that reliable information could be obtained is from 1 April 2022, which is the opening date for the statement of financial position. The transaction is restated with fair values as at 1 April 2022 and together with a corresponding increase in the government grant.

45.2 Treatment of Consumer Financed Projects

Consumer financed projects income arises when a customer makes an upfront payment for the construction of connection infrastructure. The construction of the infrastructure is needed to be able to provide the electricity and the contract is with the same counter party who will purchase the electricity. The infrastructure ultimately becomes the Corporation's assets. The Corporation previously treated this income as deferred to the extent of cost of infrastructure and amortised the infrastructure over the life of the assets. The amortisation was classified under cost of sales. The Corporation's ordinary activities is the sale of electricity to customers in Botswana and sale of electricity cannot take place if infrastructure has not been constructed. Consumer finance projects therefore falls within the purview of IFRS 15 "Revenue from Contracts with Customers". As a result the amortisation of deferred income was reclassified to revenue.

Under consumer finance projects, the cost of infrastructure may be less or exceed the customer's upfront payment resulting in profit or loss. The Corporation previously recognised this as other income in each financial year. The contract price which is the customer's upfront payment is a single obligation and it includes the profit or loss, aligning to consistency this income should be deferred the same way income to the extent of the cost of infrastructure is deferred hence this was previously recognised as deferred income.

Under consumer finance project, the Corporation incurred cost of inspection of asset set out as 5% of administration expense of the project which is deemed more of an estimate rather than an actual cost making it subjective. This amount formed part of the cost of the asset posing a risk of misstatement of value of an asset. However, the Corporation takes care of this risk by revaluing the assets at year end. At the same time this administration expense was recognised in the income statement which represents the recovery of this operating cost. To ensure that this adjustment is in line with the revaluation effect, it was transferred to revaluation surplus in other comprehensive income.

45.3 Reclassification of SAPP and Wheeling Income to Revenue

Apart from selling electricity to customers within Botswana, the Corporation also sells excess electricity to other power utilities across Southern Africa. This is done through a regional market called Southern African Power Pool (SAPP). The Corporation does this in its ordinary course of business hence SAPP income falls within scope of IFRS 15 "Revenue from Contracts with Customers". In the past the Corporation was recognising this as other income and it has been reclassified to revenue.

Income from wheeling arises from a service provided by the Corporation to two other countries (hereafter referred to as the buyer and seller countries). This typically arises where the buyer and seller have contracted to buy / sell electricity, but have no direct transmission lines; resultantly the seller country contracts independently to utilise the Corporation's already established transmission lines to wheel the electricity. Transmission is part of the core activities of the Corporation hence wheeling income is recognised as revenue.

45 RESTATEMENTS (CONTINUED)

45.4 Treatment of Government Advance and Rural Collective Scheme Debtors

The Corporation previously recorded a net of government advance and rural collective scheme debtors as consumer loans - rural collective scheme under current liabilities in the statement of financial position. However, the government advances does not meet the definition of a liability and it should have been accounted for as a capital contribution in equity. Rural collective scheme debtors are receivables and should be recognised as debtors and impairment test performed.

45.5 Treatment of Overdraft in Cashflow statement

The Corporation has overdraft facilities with different banks which are intended to be repayable on demand and has been recognised as cash and cash equivalents in statement of cashflows. Whilst the overdraft met some of the criterion for cash and cash equivalents, the overdraft balances rarely fluctuated to positive in the past two years which denotes more of a financing arrangement rather than cash and cash equivalent. Accordingly, the overdraft was classified from cash and cash equivalents to financing activity in the statement of cashflows.

45.6 Treatment of Debt Service Reserve Account in Cashflow Statement

The Corporation has a Debt Service Reserve Account ('DSRA') from a Industrial and Commercial Bank of China ("ICBC") loan held with Stanbic Bank of Botswana. In line with the facility agreement, the Corporation is supposed to keep an equivalent of one bi-yearly instalment in the reserve account. Although the DSRA represents a cash deposit with a financial institution, it is a cash balance which does not meet the definition of cash and cash equivalents in terms of IAS 7 "Statement of Cash Flows" due to the severity of the restrictions placed and the Corporation cannot use it during the year except for loan payment if there is a default. In the statement of cash flows, the Corporation has been recording it as part of cash and cash equivalents and as an investment at amortised cost in the statement of financial position. Whilst the treatment under statement of financial position is correct, access restrictions makes the statement of cash flows an investment activity rather than a cash and cash equivalent classification hence the restatement.

45.7 Treatment of Standard Cost Recovery Account

Standard cost recovery represents an under-recovery of connection costs for customers, within the corridor of standard cost of the rural electrification funded by the Government. Ordinarily, this amount is recoverable from future connections of customers who will pay more than the actual cost of the connection due to their proximity to the already set up connection structure. However, in the past financial years, this balance has been less likely to be recoverable in this manner due to the increasing cost of raw materials not matched by revised standard charges to the customer. The Corporation has been reflecting this as a liability. However, contracts signed with customers are silent on recovery hence affected balances have been restated to recognise them in equity.

45.8 Impact

The effects of the errors identified are material to the information previously presented on the financial statements. As a result, the effect of these errors has been adjusted retrospectively, restating the previously reported balances in accordance with International Accounting Standards 8 "Accounting Policies, accounting Estimates and Error".

In relation to an error quoted in 45.1, the financial year 2023, as well as the opening balance of the 2023 financial year were affected. For the opening balance of the 2023 financial year, being 1 April 2022, this resulted in an increase in property plant and equipment as well as an increase in deferred income-government grant. For the year ended 31 March 2023, there was a subsequent increase in Generation, transmission and distribution expenses (depreciation expense), Other operating income (ammortisation of deferred income), gain on revaluation of land and buildings and generation, transmission and distribution assets as well as increase on deferred tax effect. In 2023 these line items, as well as Revaluation reserves and Deferred tax liability were impacted on the Statement of Financial Position.

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

45 RESTATEMENTS (CONTINUED)

45.8 Impact (continued)

For error quoted in 45.2, financial years 2022 and 2023 were adjusted. For both years, there was an increase of Revenue culminating from reclassification of Ammortisation of Deferred Income for CFP projects from Total Operating Expenses to Revenue. Advances-Consumer Financed Projects were reclassified as Contract Liability. With respect to administration fees, Other income reduced and Other Comprehensive Income increased.

For error quoted in 45.3, financial years 2022 and 2023 were adjusted. For both years revenue increased and other income decreased as a result of transfers from other income to revenue.

For error quoted in 45.4, financial years 2022 and 2023 were adjusted. For year ended 31 March 2022, this resulted in an increase in Irredeemable Capital and a reduction in current liabilities with respect to transfer of Government advance. With respect to Rural Collective scheme debtors this led to an increase in debtors and an increase to impairment provision. Opening balances for financial year 2023 were also adjusted.

For error quoted in 45.5 financial years 2022 and 2023 were adjusted. For year ended 31 March 2022 and 31 March 2023, this resulted in an increase in cash and cash equivalents as well as increase in financing activities within statement of cashflows.

For error quoted in 45.6 financial years 2022 and 2023 were adjusted. For year ended 31 March 2022 and 31 March 2023, this resulted in an decrease in cash and cash equivalents as well as increase in investing activities within statement of cashflows.

For error quoted in 45.7 financial years 2022 and 2023 were adjusted. For year ended 31 March 2022 and 31 March 2023, this resulted in an decrease in liabilities and increase in equity.

The following tables summarizes the impact of these corrections on the comparative information presented in our financial statements.

45 RESTATEMENTS (CONTINUED)

45.9 Restatement of statement of comprehensive income

Particulars	2023					
	P'000 As previously presented	P'000 Restatement (45.1)	P'000 Restatement (45.2)	P'000 Restatement (45.3)	P'000 Restatement (45.4)	P'000 Restated
Revenue	4,531,368	-	117,565	134,021	-	4,782,954
Other operating income	172,091	38,436	(35,785)	(134,021)	-	40,721
Consumer tariff subsidy	600,000	-	-	-	-	600,000
TOTAL OPERATING INCOME	5,303,459	38,436	81,780	-	-	5,423,675
Generation, transmission and distribution expenses	(4,555,668)	(38,436)	(117,427)	-	-	(4,711,531)
Administration and other expenses	(805,350)	-	-	-	1,169	(804,181)
TOTAL OPERATING EXPENSES	(5,361,018)	(38,436)	(117,427)	-	1,169	(5,515,712)
OPERATING LOSS	(57,559)	-	(35,647)	-	1,169	(92,037)
Interest income	25,560	-	-	-	-	25,560
Finance costs	(281,908)	-	-	-	-	(281,908)
Net foreign exchange losses	(710,817)	-	-	-	-	(710,817)
Fair value gain on cross currency and interest rate swap	660,161	-	-	-	-	660,161
LOSS BEFORE TAX	(364,563)	-	(35,647)	-	1,169	(399,041)
Income tax charge	(133,757)	5,697	1,489	-	-	(126,571)
LOSS FOR THE YEAR	(498,320)	5,697	(34,158)	-	1,169	(525,612)
OTHER COMPREHENSIVE INCOME						
<i>Items that will not be reclassified to profit or loss;</i>						
Gains on revaluation of land and buildings and generation, transmission and distribution assets	872,173	318,804	25,007	-	-	1,215,984
Deferred tax effect	(132,068)	(47,821)	-	-	-	(179,889)
TOTAL OTHER COMPREHENSIVE INCOME	740,105	270,983	25,007	-	-	1,036,095
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	241,785	276,680	(9,151)	-	1,169	510,483

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

45 RESTATEMENTS (CONTINUED)

45.10 Restatement of statement of financial position

Particulars	2023						1 April 2022					
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
	As previously presented	Restatement (45.1)	Restatement (45.2)	Restatement (45.4)	Restatement (45.7)	Restated	As previously presented	Restatement (45.1)	Restatement (45.2)	Restatement (45.4)	Restatement (45.7)	Restated
ASSETS												
Non-current assets												
Property, plant and equipment	26,632,225	1,190,206	-	-	-	27,822,430	26,147,648	909,382	-	-	-	27,057,030
Intangible Assets	12,067	-	-	-	-	12,067	-	-	-	-	-	-
Right-of-use Assets	3,666	-	-	-	-	3,666	6,033	-	-	-	-	6,033
Investments at amortised cost	21,474	-	-	-	-	21,474	21,770	-	-	-	-	21,770
Other financial assets at fair value	1,141,591	-	-	-	-	1,141,591	637,929	-	-	-	-	637,929
	27,811,023	1,190,206	-	-	-	29,001,228	26,813,380	909,382	-	-	-	27,722,762
Current assets												
Standard cost recovery - NESC	52,358	-	-	-	-	52,358	158,202	-	-	-	-	158,202
Investments at amortised cost	471,128	-	-	-	-	471,128	392,284	-	-	-	-	392,284
Consumer loans - hire purchase scheme	11,393	-	-	-	-	11,393	9,958	-	-	-	-	9,958
Consumer loans - NESC	3,273	-	-	-	-	3,273	3,708	-	-	-	-	3,708
Inventories	463,882	-	-	-	-	463,882	513,824	-	-	-	-	513,824
Trade and other receivables	377,641	-	-	-	-	377,641	316,357	-	-	-	-	316,357
Bank balances and cash	132,227	-	-	-	-	132,227	68,963	-	-	-	-	68,963
	1,511,902	-	-	-	-	1,511,902	1,463,296	-	-	-	-	1,463,296
TOTAL ASSETS	29,322,925	1,190,206	-	-	-	30,513,131	28,276,676	909,382	-	-	-	29,186,058
EQUITY AND LIABILITIES												
Capital and reserves												
Irredeemable capital	10,717,293	-	-	203,836	106,888	11,028,017	10,573,103	-	-	203,836	106,888	10,883,827
Revaluation reserve	9,757,148	270,982	45,242	-	-	10,073,372	9,017,043	-	20,234	-	-	9,037,277
Other reserves	1,803,087	-	-	-	-	1,803,087	1,803,087	-	-	-	-	1,803,087
Accumulated loss	(6,780,246)	(130,710)	(62,042)	(82,717)	(22,760)	(7,078,475)	(6,281,926)	-	(28,059)	(83,711)	(22,664)	(6,416,360)
	15,497,282	140,272	(16,800)	121,119	84,128	15,826,001	15,111,307	-	(7,825)	120,125	84,224	15,307,831
Non-current liabilities												
Deferred income - consumer financed projects	2,656,370	(16,177)	16,910	-	-	2,657,103	2,630,610	(16,634)	6,271	-	-	2,620,247
Deferred income - Government grant	-	887,580	-	-	-	887,580	-	926,016	-	-	-	926,016
Borrowings	3,551,305	-	-	-	-	3,551,305	3,614,985	-	-	-	-	3,614,985
Consumer deposits	84,126	-	-	-	-	84,126	80,016	-	-	-	-	80,016
Lease liability	2,359	-	-	-	-	2,359	4,183	-	-	-	-	4,183
Deferred tax liability	2,202,750	178,531	(110)	(14,597)	-	2,366,574	1,936,925	-	1,554	(14,772)	-	1,923,707
	8,496,910	1,049,934	16,800	(14,597)	-	9,549,047	8,266,719	909,382	7,825	(14,772)	-	9,169,154
Current liabilities												
Bank overdraft	159,345	-	-	-	-	159,345	156,803	-	-	-	-	156,803
Consumer loans - rural collective scheme	106,522	-	-	(106,522)	-	-	105,353	-	-	(105,353)	-	-
Standard cost recovery	84,128	-	-	-	(84,128)	-	84,224	-	-	-	(84,224)	-
Borrowings	596,279	-	-	-	-	596,279	519,690	-	-	-	-	519,690
Consumer deposits refunds	726	-	-	-	-	726	467	-	-	-	-	467
Lease liability	3,591	-	-	-	-	3,591	3,962	-	-	-	-	3,962
Trade and other payables	3,111,796	-	-	-	-	3,111,796	2,810,191	-	-	-	-	2,810,191
Advances - consumer financed projects	1,153,620	-	-	-	-	1,153,620	1,145,289	-	-	-	-	1,145,289
Provisions	112,726	-	-	-	-	112,726	72,671	-	-	-	-	72,671
	5,328,733	-	-	(106,522)	(84,128)	5,138,083	4,898,650	-	-	(105,353)	(84,224)	4,709,073
TOTAL EQUITY AND LIABILITIES	29,322,925	1,190,206	-	-	-	30,513,131	28,276,676	909,382	-	-	-	29,186,058

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

45 RESTATEMENTS (CONTINUED)

45.11 Restatement of statement of changes in equity

Particulars	2023						1 April 2022				
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
	As previously presented	Restatement (45.1)	Restatement (45.2)	Restatement (45.4)	Restatement (45.7)	Restated	As previously presented	Restatement (45.2)	Restatement (45.4)	Restatement (45.7)	Restated
Irredeemable capital	10,717,293	-	-	203,836	106,888	11,028,017	10,573,103	-	203,836	106,888	10,883,827
Revaluation reserve	9,757,148	270,982	45,242	-	-	10,073,372	9,017,043	20,234	-	-	9,037,277
Other reserves	1,803,087	-	-	-	-	1,803,087	1,803,087	-	-	-	1,803,087
Accumulated loss	(6,780,246)	(130,710)	(62,042)	(82,717)	(22,760)	(7,078,475)	(6,281,926)	(28,059)	(83,711)	(22,664)	(6,416,360)
	15,497,282	140,272	(16,800)	121,119	84,128	15,826,001	15,111,307	(7,825)	120,125	84,224	15,307,831

45.12 Restatement of statement of cashflows

Particulars	P'000	P'000	P'000	P'000
	As previously presented	Restatement (45.5)	Restatement (45.6)	Restated
CASH FLOWS USED IN OPERATING ACTIVITIES:				
Cash generated from operations	1,388,195	-	-	1,388,195
Net cash flow from operating activities	1,388,195	-	-	1,388,195
CASH FLOWS USED IN INVESTING ACTIVITIES:				
Interest received	25,560	-	25,560	
Debt Service Reserve Account Investment*	-	-	(120,340)	(120,340)
Purchase of property, plant and equipment	(484,416)	-	-	(484,416)
Proceeds from disposal of property, plant and equipment	340	-	-	340
Investments in money market funds	(67,900)	-	-	(67,900)
Withdrawals from money market funds	33,634	-	-	33,634
Net cash used in investing activities	(492,782)	-	(120,340)	(613,122)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of borrowings	(602,092)	-	-	(602,092)
Overdraft drawdowns	-	9,704,393	-	9,704,393
Overdraft repayments	-	(9,701,851)	-	(9,701,851)
Interest paid	(281,337)	-	-	-281,337
Repayment of lease	(4,700)	-	-	(4,700)
Net settlement on interest rate cross currency swap	788,854	-	-	788,854
Settlements on other financial assets	(632,355)	-	-	-632,355
Net cashflow used in financing activities	(731,630)	2,542	-	(729,088)
Net increase/ (decrease) in cash and cash equivalents	163,783	2,542	(120,340)	45,985
Cash and cash equivalents at beginning of the year	304,444	(159,719)	-	144,725
Effect of foreign exchange rate changes	(58,483)	-	-	(58,483)
Cash and cash equivalents at end of the year	409,744	(157,177)	(120,340)	132,227
Cash and cash equivalents comprise:				
Investments at amortised cost	471,128	-	(436,862)	34,266
Less: Investments do not qualify for cash and cash equivalent*	(34,266)	-	-	(34,266)
Bank balances and cash	132,227	-	-	132,227
Bank overdraft	(159,345)	159,345	-	-
	409,744	159,345	(436,862)	132,227

Notes

Botswana Power Corporation

Physical Address

Plot 1222 Macheng Way,
Industrial Sites,
Gaborone

Postal Address

P.O. Box 48, Gaborone,
Botswana

**HQ Landline
(Switchboard)**

(+267) 360 3000

Contact Centre: 16266

Toll-Free Line: 0800 600 147

**WhatsApp (Messages
Only):** +267 7660 6414

USSD Self-Service: *192#