

BDC Audited Abridged Financial Statements for the year ended 30 June 2023

A limited liability public company incorporated in Botswana under the Companies Act, 2003 (as amended).



Abridged statement of comprehensive income for the year ended 30 June 2023

	Group		Company	
	June 23 P'000	June 22 P'000	June 23 P'000	June 22 P'000
Income from trade	131,853	70,550	68,686	56,807
Interest on loans	201,504	183,562	227,125	200,011
Rental Income	61,149	66,997	-	-
Finance and other income	74,558	122,015	87,312	114,679
Fair Value gains on investment property	865	46,886	-	-
Share of profit/(loss) of equity accounted investees, net of tax	37,181	(104,680)	-	-
Expected credit losses	664	(8,768)	(12,506)	(26,439)
Unrealised impairment of equity investments	-	5,025	(21,629)	(97,318)
Unrealised foreign exchange losses	(35,495)	(33,260)	(35,408)	(33,260)
Other expenses	(196,439)	(193,660)	(102,068)	(91,781)
Finance costs	(199,093)	(142,685)	(206,549)	(151,786)
Operating profit / (loss)	76,747	11,982	4,963	(29,087)
Change in fair value of debt instrument	(5,555)	26,117	(5,555)	26,117
Profit/(Loss) before tax	71,192	38,099	(592)	(2,970)
Income tax expense	(6,774)	(21,249)	2,773	(10,121)
Profit/(Loss) for the year	64,418	16,850	2,181	(13,091)
Other comprehensive income				
Other comprehensive income for the year net of taxation	55,543	(63,976)	55,543	(63,976)
Deferred taxation on revaluation loss/(gain)	-	3,850	-	-
Foreign exchange gains	6,850	-	8,294	-
Fair value gain on disposal of shares	14,936	-	14,936	-
Share of other comprehensive income of equity accounted investees	-	(2,674)	-	-
Total comprehensive income for the year	141,747	(47,126)	80,954	(77,067)

Abridged statement of changes in equity

Company	Stated Capital	ISF Equity Reserve	Fair Value Reserve	Other Reserves	Retained earnings	Total equity
	P'000	P'000	P'000	P'000	P'000	P'000
Balance at 1 July 2021	888,269	-	177,294	168,789	911,388	2,145,740
Loss for the year	-	-	(63,976)	-	(13,091)	(63,976)
Other comprehensive loss	-	-	(63,976)	-	-	(63,976)
Total comprehensive loss for the year	-	-	(63,976)	13,457	(13,091)	(77,067)
Transfer between reserves	-	25,762	-	(13,457)	-	25,762
Balance as at 1 July 2022	888,269	25,762	113,318	182,246	884,840	2,094,435
Profit for the year	-	-	-	-	2,181	2,181
Other comprehensive income for the year	-	-	55,543	8,294	14,936	78,773
Total comprehensive income for the year	-	-	55,543	8,294	17,117	80,954
Transfer between reserves	-	70,743	-	(111,916)	111,916	70,743
Balance at 30 June 2023	888,269	96,505	168,861	78,624	1,013,873	2,246,132

Group	Stated Capital	ISF Equity Reserve	Fair value Reserve	Claims Equalisation reserve	Other Reserve	Retained Income	Total Attributable to members	Non-controlling interest	Total equity
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Balance at 1 July 2021	888,269	-	177,294	1,207	500,853	908,769	2,476,392	104,518	2,580,910
Loss for the year	-	-	(63,976)	-	906	22,196	(5,346)	16,850	(63,976)
Other comprehensive income	-	-	(63,976)	-	906	-	(63,070)	2,743	(60,327)
Total comprehensive loss for the year	-	-	(63,976)	-	20,340	22,196	(40,874)	(2,603)	(43,477)
Dividend Paid	-	-	-	-	-	-	-	(3,000)	(3,000)
Business Combinations	-	-	-	-	-	-	-	22,353	22,353
Transfer between reserves	-	25,762	-	-	20,340	(21,246)	24,856	-	24,856
Balance as at 01 July 2022	888,269	25,762	113,318	1,207	522,099	909,719	2,460,374	121,268	2,581,642
Profit for the year	-	-	-	-	65,029	65,029	-	(611)	64,418
Other comprehensive income for the year	-	-	55,543	-	6,850	14,936	77,329	-	77,329
Total comprehensive income for the year	-	-	55,543	-	6,850	79,965	142,358	(611)	141,747
Transfer between reserves	-	-	-	-	(114,000)	114,000	-	-	-
Equity contribution from parent	-	70,743	-	-	-	-	70,743	-	70,743
Balance at 30 June 2023	888,269	96,505	168,861	1,207	414,949	1,103,684	2,673,475	120,657	2,794,132

BASIS OF PREPARATION

The Group and Company financial statements of Botswana Development Corporation Limited (the "Corporation") has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). It has been prepared using accounting policies that comply with International Financial Reporting Standards which are consistent with those applied in the prior year financial statements with the exception of the adoption of new standards and interpretations. These financial statements of the Corporation have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The complete set of financial statements from which these abridged results were extracted from, will be made available on the Company's website.

INDEPENDENT AUDITORS REPORT

These financial statements of the Corporation have been audited by the external auditors and they have issued an unmodified audit opinion. The audit opinion will be made available for inspection at the Company's registered office.

FINANCIAL PERFORMANCE COMMENTARY

Company
Total income for the year ended 30 June 2023 amounted to P383 million. This 3% increase over prior year was as a result of mixed performance in underlying income baskets. Interest income increased by an impressive 14% to P227 million from the P200 million of the prior year. This increase was due to investments deployed in the year as well as market movements in interest rates. Dividend income increased by 20% mainly due to special dividends declared by underlying investee companies. Other income was more subdued mainly due to non-recurrence of the once off income earned in the year ended 30 June 2022. Positive overall performance was also driven by reversals of previous impairments of equity instruments and appropriate cost containment in the year. The company however, continues to feel the brunt of the movement of the dollar rates against the Pula resulting in unrealised foreign exchange losses recognised in the period. Markets were favourable for the company in terms of investments in listed equity instruments resulting in net fair value gains of P55 million compared to losses recognized in the comparable period. Despite the headwinds faced by the company, the overall result was a profit of P2.2 million and total comprehensive income of P81 million.

Total asset base closed the year at P5.1 billion, while net worth was recorded at P2.25 billion. The achieved 7% growth from the prior year period is mainly driven by the positive movement from quoted investments as well as the growth in the Industry Support Fund equity reserve. Total loan repayment during the year were recorded at P71 million, the repayments were recorded in accordance with the fund guidelines. Asset performance continues to improve with NPL ratio improving to 13.1% from the 17.9% reported at the end of the prior year.

Group

Group revenue closed the year at P470 million driven by a remarkable growth in income from trade, which grew by 106% to P132 million. This performance was on the back of improved business activities and new contracts won by investee companies, mainly in the automotive industry. The group interest income increased by 10% from the prior year to P202 million, emanating from the growth in interest loans issued by the Company. The increase in finance and admin cost from the prior year were geared towards increasing yields. Overall, the group remained profitable at P71 million against prior year of P38 million. The group Asset base stood at P5.7 billion, with investment asset realising an 8% year on year growth.

GOVERNANCE

The Board of Directors continues to ensure a business conduct characterised by integrity and in accordance with generally accepted governance practices and endorses the internationally accepted principles of corporate governance and public responsibility.

LOOKING AHEAD – FUELLING GROWTH THROUGH INVESTMENTS

In the wake of another year marked by some noteworthy successes, we turn our gaze towards the horizon, envisioning a path that promises to continue the trend of excellence and prosperity. The numbers before us, painted with hues of growth and resilience, provide a solid foundation upon which to build onto our strategic direction. As we navigate the fiscal landscape ahead, it is essential to reaffirm our commitment to strategic foresight. Building upon the successes of the past year, we must remain steadfast in our quest for sustainable growth and prosperity. To that end, we continue to pursue a strategic path that aligns with our Beyond 2019 strategic plan. Our vision encompasses investing in large-scale export-oriented businesses locally, with a keen focus on citizen economic inclusion. This not only fosters economic growth but also strengthens our commitment to the communities we serve. In addition to our strategic vision, the Corporation has a pipeline of mega projects on the horizon. These projects are poised to contribute significantly to Botswana's economic growth and diversification.

Beyond the financial returns, they bear the promise of substantial socio-economic benefits for our nation's people. Their realisation is not just an ambition; it is an essential component of our forward-thinking strategy. As we reflect on our journey, we look forward to the opportunities that lie ahead. With an unwavering commitment to strategic investment, prudent financial management, and a vision that transcends borders, BDC is primed to continue its legacy of success. We are not just shaping the future; we are driving it towards a horizon of limitless possibilities and prosperity.

DIVIDENDS

Subsequent to year end, no dividend was declared.

Mr. Maleho Mothibatsela
Chairperson of the Board

Mr. Cross Kgosiile
Managing Director

Abridged statement of financial position as at 30 June 2023

	Group		Company	
	June 23 P'000	June 22 P'000	June 23 P'000	June 22 P'000
Investments Assets	3,311,392	3,672,800	3,488,007	3,717,486
Other non-current assets	758,633	707,184	164,990	170,225
Short term investment assets	1,078,576	480,396	1,106,686	584,038
Current assets	594,160	986,584	374,289	780,847
Non-current assets classified as held for sale	-	21,563	-	10,865
Total assets	5,743,061	5,868,527	5,083,972	5,263,461
Equity and Liabilities				
Equity attributable to owners of the company	2,794,131	2,581,642	2,246,132	2,094,435
Non-current liabilities	2,438,214	2,674,956	2,405,366	2,634,218
Current liabilities	510,716	611,929	432,474	534,808
Total equity and liabilities	5,743,061	5,868,527	5,083,972	5,263,461

Abridged statement of cash flows

	Group		Company	
	June 23 P'000	June 22 P'000	June 23 P'000	June 22 P'000
Opening cash balance	664,067	73,279	580,559	18,886
Net cash (used in) / generated from operating activities	(46,237)	(78,958)	(81,813)	29,776
Net cash generated from / (used in) investing activities	226,364	68,138	344,703	(31,943)
Net cash generated from financing activities	(604,587)	601,608	(688,534)	563,840
Effect of exchange rate movement on cash balances	11,113	-	11,915	-
Closing cash balance	250,720	664,067	166,830	580,559

FINANCIAL HIGHLIGHTS

Interest on Loans

14%



2023
BWP 227MIL
2022
BWP 200MIL

Net Worth

7%



2023
BWP 2,2BIL
2022
BWP 2,1BIL

Income from Trade

21%



2023
BWP 67MIL
2022
BWP 57MIL

Group Interest on Loans

10%



2023
BWP 202MIL
2022
BWP 184MIL

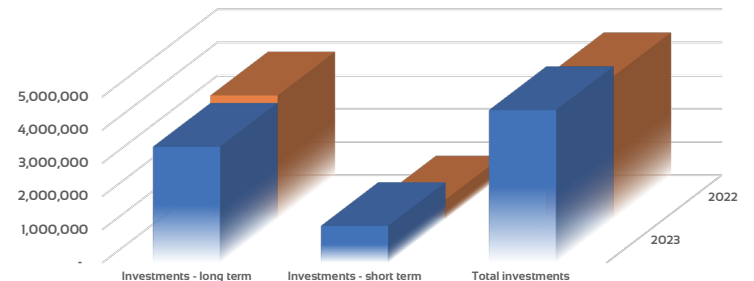
Group Income from Trade

106%



2023
BWP 301MIL
2022
BWP 146MIL

INVESTMENT ASSETS



53 years of Building Botswana