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2022

BELL EQUIPMENT LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS

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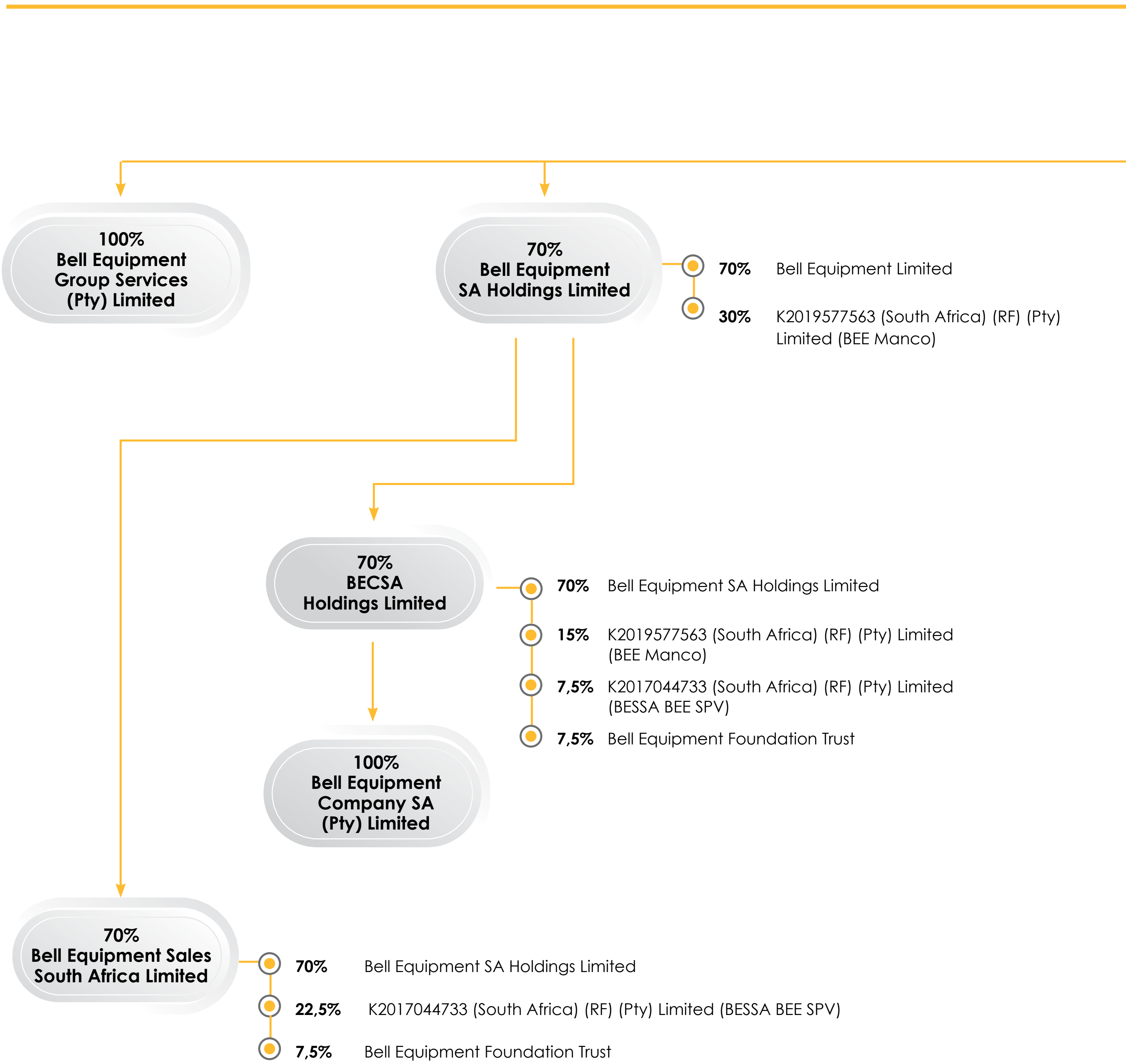
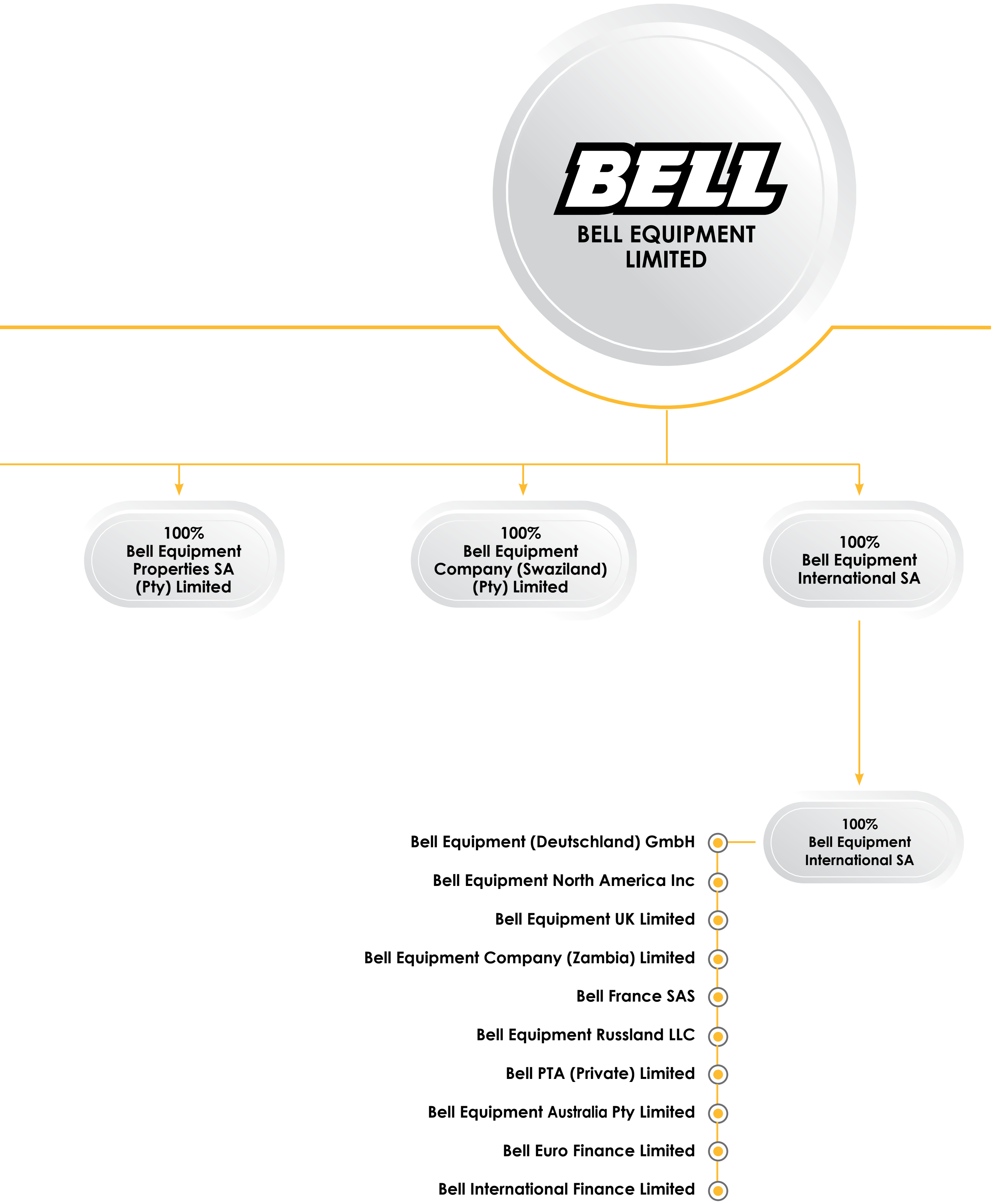
Global corporate structure




BELL
BELL EQUIPMENT LIMITED
100% Bell Equipment Properties SA (Pty) Limited
100% Bell Equipment Company (Swaziland) (Pty) Limited
100% Bell Equipment International SA
100% Bell Equipment International SA
Bell Equipment (Deutschland) GmbH
Bell Equipment North America Inc
Bell Equipment UK Limited
Bell Equipment Company (Zambia) Limited
Bell France SAS
Bell Equipment Russland LLC
Bell PTA (Private) Limited
Bell Equipment Australia Pty Limited
Bell Euro Finance Limited
Bell International Finance Limited

Responsibility for financial statements

31 December 2022

Declaration in terms of the Companies Act, 71 of 2008 (as amended) (Companies Act)

The preparation of the annual financial statements for the year ended 31 December 2022, which appear on pages 6 to 12 and 19 to 94, has been supervised by the group finance director of Bell Equipment Limited, Mrs KJ van Haght.

KJ van Haght CA(SA)
Group finance director

31 March 2023

Approval of the annual financial statements

for the year ended 31 December 2022

The directors of Bell Equipment Limited are responsible for the integrity of the annual financial statements of the group and that the other information in these statements is fairly presented.

In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems and procedures designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in accordance with the requirements of the Companies Act of South Africa, and have been examined by independent auditors in conformity with International Standards on Auditing.

The directors of Bell Equipment Limited are of the opinion that the group has adequate resources to continue in operation for the foreseeable future. The consolidated financial statements have therefore been prepared on a going concern basis.

The annual financial statements of the group which appear on pages 6 to 12 and 19 to 94 were approved by the directors on 31 March 2023 and are signed on their behalf by:

Gary Bell
Non-executive chairman

Leon Goosen
Chief executive

31 March 2023

Responsibility for financial statements *continued*

31 December 2022

Declaration by Chief Executive (CEO) and Chief Financial Officer (CFO)

for the year ended 31 December 2022

Each of the directors, whose names are stated below, hereby confirm that:

a. the annual financial statements set out on pages 19 to 94, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
b. to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c. internal financial controls have been put in place to ensure that material information relating to Bell Equipment Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements; and
d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e. Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken the necessary remedial action.
f. We are not aware of any fraud involving directors.

Leon Goosen
Group CEO

Karen van Haght
Group CFO

31 March 2023

Certification by Group Company Secretary

for the year ended 31 December 2022

I certify that the company has, in respect of the financial year reported on, lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Diana McIlrath
Company secretary

31 March 2023

Directors' report

for the year ended 31 December 2022

The directors submit the annual financial statements for the group (Bell Equipment Limited and its subsidiaries) for the year ended 31 December 2022.

Nature of business

Bell Equipment designs and manufactures a wide range of products. These include a complete range of Bell forestry and agriculture products and a growing number of niche application equipment such as underground machinery. The group is recognised as a global ADT specialist with the largest and most advanced range in the world.

Through strategic partnerships with global manufacturers such as JCB, Finlay and Kobelco, Bell complements its own product range in South Africa where it is a full range materials handling distributor and an equipment supplier of choice.

With machines operating in over 80 countries worldwide, the group values its global support network, which supplies equipment, ancillary products and after sales services. This network is, in turn, supported by a robust OEM structure to ensure efficient lines of communication between end users of the product and the group globally.

Financial results

The results of the group are fully disclosed in the accompanying financial statements and notes thereon, the finance director's report and in the joint chairman and chief executive's report which will appear in the integrated annual report when distributed.

The comprehensive annual financial statements as well as the summarised consolidated financial statements of the group have been approved by the board.

Stated capital

The company's authorised share capital remains at 100 000 000 ordinary shares of no par value. The stated capital account as at 31 December 2022 comprised 95 629 385 (December 2021: 95 629 385) ordinary shares of no par value.

Dividends

The directors have resolved to declare a final gross cash dividend of 90 cents per share for the 2022 financial year (2021: 50 cents).

The final dividend number 17 is 90 cents per share. The net final dividend is 72 cents per share for ordinary shareholders who are not exempt from the 20% dividend withholding tax.

Dividend declared	Friday, 31 March 2023
Last day to trade cum dividend	Tuesday, 18 April 2023
Shares trade ex dividend	Wednesday, 19 April 2023
Record date	Friday, 21 April 2023
Payment date	Monday, 24 April 2023

The directors concluded that the group would be both solvent and liquid subsequent to such dividend distributions.

Property, plant and equipment

The group's accounting policy in respect of property, plant and equipment is recorded in note 7 to the annual financial statements.

Share-based payment schemes with employees

The company operated one active employee share-based payment scheme during the year. Details of this scheme are set out in note 33 to the annual financial statements.

Directors

On 16 February 2022, John Barton resigned as a non-executive director, lead independent non-executive director, audit committee member, risk and sustainability committee member, remuneration committee member and chairman and member of the nominations committee.

Hennie van der Merwe, an independent non-executive director, was appointed as the lead independent non-executive director and chairman of the nominations committee. Rajendran Naidu was appointed as a remuneration committee member and Mamokete Ramathe was appointed as a nominations committee member, all with effect from 17 February 2022.

The board appointed two independent non-executive directors, Usha Maharaj and Markus Geyer, with effect from 1 April 2022.

Gary Bell, Rajendran Naidu and Mamokete Ramathe retire by rotation at the forthcoming AGM but, being eligible, offered themselves for re-election and their re-election is recommended by the board.

Details of the directors and GEC of the Bell Equipment group at the date of this report will appear in the integrated annual report when distributed.

Directors' report *continued*

for the year ended 31 December 2022

Directors *continued*

As at the end of the year under review the directors' shareholdings were as follows:

	Number of shares held					
	Direct beneficial		Indirect non-beneficial		Associates	
	2022	2021	**2022**	2021	**2022**	2021
GW Bell	**253 600**	253 600	**16 089 622**	16 089 622	**109 660**	109 660
AJ Bell	**2 598**	2 598	**-**	-	**-**	-
L Goosen	**20 040**	4 040	**-**	-	**-**	-
U Maharaj	**-**	-	**-**	-	**33**	-

There has been no change in the shareholding of directors as reflected above between the end of the financial year and the date of this report.

The remuneration paid to directors of the company during the period under review is set out in note 43 to the annual financial statements.

Major shareholder

The major shareholder in Bell Equipment Limited as at 31 December 2022 was:

	2022	2021
IA Bell & Company Proprietary Limited	**70,10%**	70,10%

GW Bell and AJ Bell are directors of IA Bell & Company Proprietary Limited and GW Bell holds a 24% shareholding in IA Bell & Company Proprietary Limited.

Group company secretary

The group company secretary is Diana McIlrath. Her particulars and business address appear on page 98 of the annual financial statements.

Internal control

The board is accountable for the system of internal controls for the group. The output of the risk management process, in conjunction with the work of the assurance providers, indicates to the directors that the controls in place, including financial controls, are adequate and effective.

Furthermore, no material losses, exposures, financial misstatements or compliance breaches have been reported to the directors for the financial year.

The directors recognise that, at any point in time, there are areas for improvement in internal controls and new areas of risk exposure, which may require management attention. As such, there is a continual focus on ensuring that the control environment within each business area is understood and maintained at the required level and that process and control improvements are implemented where necessary.

Litigation statement

The directors are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened, that may have or had in the previous 12 months, a material effect on the group's financial position.

Going concern statement

At the time of approving these annual financial statements, the board of directors is of the opinion that, after making enquiries, it has a reasonable expectation that the group has sufficient resources to maintain its operational existence for the foreseeable future and therefore believes that the going concern assumption is appropriate.

Subsidiaries

Details of the company's interest in its subsidiary companies are contained in note 41 to the annual financial statements.

Directors' report *continued*

for the year ended 31 December 2022

Subsequent events

Shareholders are referred to note 40 to the annual financial statements.

No other facts or circumstances material to the appreciation of this report have occurred between 31 December 2022 and the date of this report.

Conclusion

The company is in compliance with the provisions of the Companies Act, specifically in relation to its incorporation and it is operating in conformity with its MOI.

Signed on behalf of the board

Gary Bell
Non-executive chairman

Leon Goosen
Chief executive

31 March 2023

Audit committee report

for the year ended 31 December 2022

The audit committee ('the committee') is pleased to present its report for the financial year ended 31 December 2022. The report is in compliance with the requirements of the Companies Act, the JSE Listings Requirements and King IV.

The committee's operation is guided by a formal detailed charter that is in line with the Companies Act and is reviewed and approved annually by the board. The audit committee is constituted as a statutory committee and the members are elected at the AGM. It has an independent role with accountability to both the board and shareholders.

Composition

In terms of the Companies Act, at the annual general meeting (AGM) of the company, shareholders are required to elect the committee members. Four independent non executive directors of Bell Equipment Limited were elected by shareholders at the 2022 AGM to serve until the next AGM in May 2023, including Usha Maharaj who had been appointed by the board as a non-executive director and an audit committee member with effect from 1 April 2022.

The committee was chaired by independent non executive director Derek Lawrance, and comprised three further independent non executive directors, Mamokete Ramathe, Rajendran Naidu and Usha Maharaj. John Barton resigned as a non executive director and committee member on 16 February 2022.

While individual members are not expected to possess all skills, the collective skills of the committee as a whole include an understanding of financial and sustainability reporting, internal financial controls, the internal audit function, the external audit process, corporate law, risk management, information technology (IT) governance as it relates to integrated reporting, and the governance processes of the company. The chairman of the board is not a member of the committee.

The board is satisfied that for the 2022 year:

- the committee, acting as a collective, was adequately skilled to perform its role having regard to the size and circumstances of the company;
- individual members of the committee held appropriate financial and related qualifications, skills and financial expertise to discharge their responsibilities; and
- individual members of the committee were not involved in day-to-day management of the company.

The following directors have been nominated to the committee, subject to shareholders election at the AGM to be held on Wednesday, 31 May 2023:

- Derek Lawrance
- Mamokete Ramathe
- Rajendran Naidu
- Usha Maharaj

and whose profiles including their qualifications will appear in the integrated annual report when distributed.

The board is satisfied that the proposed elections to the committee of the four independent non-executive directors set out above will meet the requirements of the Companies Act, and is therefore recommending their election for the ensuing year.

The chairman of the board, the chief executive and group finance director have a standing invitation to attend the meetings of the committee. The group company secretary is the secretary of the committee.

Frequency and attendance of meetings

During the year under review, five meetings were held. Meetings are scheduled to coincide with the key dates in the group's financial reporting and audit cycle.

Attendance by members was as follows:

AUDIT COMMITTEE	23 March 2022	31 May 2022	26 August 2022	6 September 2022	15 November 2022
Derek Lawrance (chairman)	✓	✓	✓	✓	✓
Mamokete Ramathe	✓	X	✓	✓	✓
Rajendran Naidu	✓	✓	✓	✓	✓
Usha Maharaj	X	✓	✓	✓	✓

Audit committee report *continued*

for the year ended 31 December 2022

Objective and scope
The committee's main objective is to assist the board in fulfilling its oversight responsibilities, particularly with regard to evaluation of the adequacy and efficiency of accounting policies, internal controls and financial and corporate reporting processes. In addition the committee assesses the effectiveness of the internal auditor and the independence and effectiveness of the external auditor.

Combined assurance
The committee is of the view that the arrangements in place for combined assurance are adequate and the model was applied to provide a coordinated approach to all assurance activities; and particularly ensuring that the combined assurance received is appropriate to address all the significant risks facing the group. Further information on the combined assurance process is provided in the corporate governance report under risk management which will appear in the integrated annual report when distributed.

The committee has monitored the relationship between the external assurance providers and the group.

The committee has considered the contents of the financial statements, the group's accounting practices, the internal financial controls of the group and the finance function of the group in general and found all of these to be in order.

External audit
Pursuant to the Independent Regulatory Board for Auditors' ('IRBA') rule regarding mandatory audit firm rotation, on 8 September 2022, the board endorsed a recommendation by the committee, following a comprehensive "request for proposals" process, to propose PricewaterhouseCoopers Inc. ('PWC') for appointment by shareholders as the new external auditor of Bell Equipment and its subsidiaries for the financial year commencing on 1 January 2024, with Mr. Pieter Vermeulen as the designated individual auditor. A proposal to this effect will be tabled at the company's AGM in 2024.

The committee assessed the suitability of the incumbent external auditor, Deloitte & Touche and the designated engagement partner, as contemplated in terms of paragraph 22.15(h) of the JSE Listings Requirements. The assessment took into account the letter and the report received from Deloitte providing the information required in terms of paragraph 22.15(h) of the JSE Listings Requirements, including confirmation that Deloitte & Touche remained accredited by the JSE and Mr Andrew Kilpatrick, the designated auditor for the 2022 financial year, did not appear on the disqualified list of individual partners. The committee gave due consideration to the independence of the external auditor, and the external auditor's independence was not prejudiced by any consultancy, advisory or other work undertaken. Audit and other services' fees are disclosed in note 28 to the annual financial statements.

Subject to its reappointment at the company's AGM on 31 May 2023, Deloitte & Touche will remain as the company's auditor for the financial year ending 31 December 2023 and its appointment will terminate upon the conclusion of the audit of the financial year ending 31 December 2023 in accordance with the mandatory audit firm rotation rule issued by the IRBA. A further announcement will be issued once shareholder approval in respect of PWC's appointment has been obtained.

The committee has applied its mind to the key audit areas and considered the key audit matter identified by the external auditor as follows:
- impairment of intangible assets, and property, plant and equipment as a result of Net Asset Value exceeding market capitalisation of the group.

The committee is satisfied that this has been adequately addressed and disclosed.

The committee reviewed and approved the proposed audit fee for the 2022 financial year. The committee is satisfied that the external auditor does not, except as external auditor or in rendering permitted non audit services, receive any remuneration or other benefits from the company. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

The group's policy is to use its external auditor for non audit services where the use of other consultants would not make sound commercial sense, and where the external auditor's independence will not be compromised, and where good corporate governance is not compromised by the engagement. There is a formal procedure that governs the pre-approval process when the external auditor is considered for the provision of non audit services, and the allocation of such work is reviewed by the committee.

The external auditor has unrestricted access to the chairman of the committee. Meetings were held with the external auditor where management was not present, and no matters of concern were raised.

The committee received and reviewed reports from the external auditor concerning the implementation or effectiveness of the internal control environment, systems and processes and detailing the auditor's concerns arising out of the audit together with appropriate responses from management.

Audit committee report *continued*

for the year ended 31 December 2022

Internal audit

The committee oversaw the activities of the internal audit function, undertaken by Ernst & Young as the appointed internal auditor, and considered the effectiveness of internal audit, approved the internal audit charter and the annual internal audit plan, and monitored adherence to the plan.

The internal auditor performed the role of considering and reporting to the committee on the effectiveness of the internal financial controls for financial reporting and risk management in support of the attestation by the group chief executive officer (CEO) and chief financial officer (CFO) required in terms of the provisions of the JSE Listings Requirements paragraph 3.84(k). The internal auditor tested and monitored the financial controls throughout the group in line with the JSE Listings Requirements. The statement by the group CEO and CFO in terms of JSE Listings Requirements paragraph 3.84(k) is set out on page 5.

The committee reviewed the reports of internal audit detailing findings arising out of its audits and responses from management. The committee received and reviewed reports from internal audit concerning the effectiveness of the internal control environment, systems and processes.

Internal financial control

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting, and financial risk management, and for considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto.

The CEO and CFO have reviewed the controls for financial reporting for the 2022 financial year and have presented their findings to the committee. During the current financial year, management evaluated relevant internal controls which address risk areas relating to financial reporting in group operations.

The CEO and CFO's evaluation of controls included:

- the identification and classification of risks;
- the identification of controls, including effective internal financial reporting controls, in a formalised internal controls framework which has been implemented throughout the group;
- the implementation of a controls self assessment tool and control self assessments by managers;
- testing the design and determining the implementation of controls addressing high and low risk areas;
- utilising internal audit to test the operating effectiveness of controls addressing high risk areas; and
- obtaining control declarations from managers of group operations on the operating effectiveness of all controls on an annual basis.

The committee is of the view, based on the representations made by internal audit, the CEO, and the CFO that the group's internal controls were adequate and effective during the period under review and can be relied upon as a reasonable basis for the preparation of appropriate annual financial statements. The committee has discussed and documented the basis for its conclusion and this included discussions with management, the external auditor and the internal auditor.

Expertise and experience of the group finance director and finance function

The committee has reviewed and has satisfied itself that the chief finance officer, Karen van Haght, has the appropriate skills, expertise, and experience and confirms her suitability for serving as group finance director in terms of the JSE Listings Requirements. The committee further considers that the expertise, resources, and experience of the finance function are appropriate based on the nature, complexity and size of the group's operations.

Audit committee report *continued*

for the year ended 31 December 2022

Going concern, annual financial statements and integrated annual report

The committee considered the report of the JSE's Financial Reporting Investigations Panel on its findings arising from the Panel's monitoring of the financial reports published by JSE listed companies during 2022 and has taken appropriate action to apply the findings.

The committee has considered those items within the financial statements which required significant judgement as reflected in note 4 to the consolidated annual financial statements.

The committee reviewed management's assessment of the going concern status of the group at year end and for the foreseeable future. The committee concurred with management's assessment that the group is a going concern and recommended the assumption of the going concern basis to the board.

In the committee's opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of the company and its subsidiaries as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act.

The committee fulfils an oversight role in respect of the preparation of Bell Equipment's integrated annual report. The committee is committed to ensuring the incorporation of the principles of King IV in the preparation of this year's integrated annual report.

The committee recommends the group's 2022 audited annual financial statements (of which this report forms part) and the 2022 integrated annual report, to the board for approval.

The chairman of the committee attends the annual general meeting and is available to answer any questions in relation to matters pertaining to the responsibilities of the committee.

Conclusion

The committee is satisfied that it has conducted its affairs and discharged its legal and other responsibilities as outlined in its charter, the Companies Act, JSE Listings Requirements and King IV. The board concurred with this assessment.

Derek Lawrance
Chairman
Audit committee

31 March 2023

Independent auditor's report

to the shareholders of Bell Equipment Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bell Equipment Limited and its subsidiaries (the Group) set out on pages 19 to 94, which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Key Audit Matter	How the matter was addressed in the audit
Impairment of intangible assets and property, plant and equipment	

As described in Note 5, the share price of the Group is trading at a significant discount to the net asset value per share which the directors have identified as an indicator of impairment. IAS 36: Impairment of Assets ("IAS 36") states that when indicators of possible impairment exist, the entity is required to conduct impairment tests to assess the recoverability of the carrying value of the relevant cash generating units ("CGU's").
 	
Judgement is required by the directors in identifying the relevant CGU and assessing the recoverable amount of the CGU, which is determined as the higher of fair value less cost to sell ("FVLCTS") or the value-in-use, based on the cash flow forecast for each CGU.
 	
The discounted cash flow model used to determine the recoverable amount of the original equipment manufacturer ("OEM") CGU is detailed and complex. Key inputs into the model include the following:
• Earnings growth (including estimated margins and forecast sales volumes and prices);
• Terminal growth rates;
• Estimated working capital requirements of the CGU; and
• The discount rate, which is based on the weighted average cost of capital. The determination of the weighted average cost of capital is complex, sensitive to the overall valuation outcome and contains significant judgement.
 	
The complexity of the models used, the significance of the judgements and estimation used in determining the inputs into the models and the magnitude of the relevant intangible assets and property, plant and equipment balances at year end means that this was determined to be a key audit matter.
	In evaluating the possible indicators of impairment of intangible assets and property, plant, and equipment within the applicable CGUs, we assessed the identification of CGU's and those determined to have indicators of impairment, we audited the FVLCTS calculations prepared by the directors, with a particular focus on the assumptions with the most significant impact.
	
	We performed various procedures, including the following:
	• Gained an understanding of the model used to determine the fair value less cost to sell of the relevant component;
	• Assessed sensitivity analysis on the assumptions to determine the key sensitive assumptions;
	• Tested design and implementation of the entity's key controls relating to the preparation of the impairment models and the director's review of the cash flow forecasts and other key inputs;
	• Tested the inputs into the cash flow forecast, including the assumptions relating to working capital, revenue growth, in particular the forecast sales volumes and input prices, against historical performance and in comparison to the directors' strategic plans in respect of the applicable CGUs;
	• Considered the directors' ability to accurately forecast, based on a comparison of historical actual performance against previous respective forecasts;
	• We engaged our internal valuation specialists and they performed the following:
	    • Critically evaluated whether the fair value less cost to sell calculations used by the directors to calculate the value of the individual CGUs complies with the requirements of IAS 36 and whether the model used is considered appropriate for the purpose prepared;
	    • Compared the growth rates (including terminal growth rate) used to historical data and forward-looking expectations regarding economic growth rates for the components included in the relevant CGU;
	    • Assessed the weighted average cost of capital ("WACC") including the size risk premium, firm specific risk premium, risk-free rate and the mechanics used in the determination of the relevant WACC rates; and
	    • Reviewed the reasonableness of the discount rates applied by the directors to obtain the FVLCTS for the relevant CGU components.

Key Audit Matter	How the matter was addressed in the audit
Impairment of intangible assets and property, plant and equipment *continued*	
	• Analysed the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of the applicable CGUs, against external market data, historical performance and forecasts; • Assessed the exchange rates used in the model to determine whether they comply with the requirements of IAS 36 in relation to the valuation method used; • Determined an independent range of reasonable equity values based on the model assumptions considered appropriate and compared this to the carrying amount of the relevant CGU; and • Assessed the disclosure included in the consolidated financial statements related to the impairment considerations and relevant estimation and judgement involved as well as the disclosure in note 5. Based on the testing performed, we concur with the conclusions reached by the directors and the related disclosures in terms of IFRS are considered appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Bell Equipment Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' report, the Audit Committee report and the certification by the Group company secretary as required by the Companies Act of South Africa, Declaration by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) and the document titled "Bell Equipment Limited Integrated Annual Report 2022" which we obtained prior to the date of this report and which is expected to be made available at a later date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Independent auditor's report *continued*

to the shareholders of Bell Equipment Limited

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

Independent auditor's report *continued*

to the shareholders of Bell Equipment Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *continued*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore is the key audit matter.

We describe this matter 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.   .

Independent auditor’s report *continued*

to the shareholders of Bell Equipment Limited

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of Bell Equipment Limited for 29 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Andrew Kilpatrick CA(SA):RA
Partner

31 March 2023

Consolidated statement of financial position

as at 31 December 2022

	Notes	2022 R000	2021 R000
ASSETS			
Non-current assets		**1 894 149**	1 792 903
Property, plant and equipment	7	**944 480**	918 968
Right-of-use assets	8	**367 902**	250 966
Intangible assets	9	**260 225**	282 236
Investments	10	**62 935**	58 717
Interest-bearing receivables and contract assets	11	**44 187**	50 421
Deferred taxation	12	**214 420**	231 595
Current assets		**6 756 576**	5 131 104
Inventory	13	**4 751 990**	3 624 452
Trade and other receivables	14	**1 278 094**	1 023 122
Interest-bearing receivables and contract assets	11	**231 242**	218 328
Other assets	15	**231 222**	78 558
Current taxation assets		**35 428**	30 312
Cash and bank balances	16	**228 600**	156 332
TOTAL ASSETS		**8 650 725**	6 924 007
EQUITY AND LIABILITIES			
Capital and reserves		**4 365 208**	3 861 733
Stated capital	17	**235 541**	235 541
Non-distributable reserves	18	**1 008 484**	940 673
Retained earnings		**3 076 317**	2 661 457
Attributable to owners of Bell Equipment Limited		**4 320 342**	3 837 671
Non-controlling interest	19	**44 866**	24 062
Non-current liabilities		**870 682**	681 418
Interest-bearing liabilities	20	**193 069**	175 838
Lease liabilities	21	**388 943**	266 731
Contract liabilities	22	**116 159**	98 357
Refund liabilities	23	**4 357**	11 986
Provisions	24	**78 254**	45 383
Other liabilities	25	**19 270**	10 031
Deferred taxation	12	**70 630**	73 092
Current liabilities		**3 414 835**	2 380 856
Trade and other payables	26	**1 627 003**	1 215 273
Interest-bearing liabilities	20	**652 054**	202 806
Lease liabilities	21	**50 284**	42 800
Contract liabilities	22	**319 894**	243 832
Refund liabilities	23	**34 149**	51 693
Provisions	24	**142 482**	111 113
Other liabilities	25	**10 683**	8 076
Current taxation liabilities		**46 923**	31 929
Bank overdrafts and borrowings on call	38.2	**531 363**	473 334
TOTAL EQUITY AND LIABILITIES		**8 650 725**	6 924 007

Consolidated statement of profit or loss

for the year ended 31 December 2022

	Notes	2022 R000	2021 R000
Revenue	27	**10 276 220**	8 017 125
Cost of sales		**(8 244 734)**	(6 473 383)
Gross profit		**2 031 486**	1 543 742
Other operating income		**260 134**	184 960
Distribution costs		**(811 947)**	(670 069)
Administration expenses		**(114 851)**	(106 643)
Factory operating expenses *		**(659 634)**	(548 268)
Profit from operating activities	28	**705 188**	403 722
Interest expense	29	**(136 977)**	(96 388)
Interest income	30	**77 512**	62 276
Net interest expense		**(59 465)**	(34 112)
Profit before taxation		**645 723**	369 610
Taxation	31.1	**(166 872)**	(75 344)
Profit for the year		**478 851**	294 266
Profit for the year attributable to:			
- Owners of Bell Equipment Limited		**456 846**	286 770
- Non-controlling interest		**22 005**	7 496
		Cents	Cents
Earnings per share			
Basic	32.1	**478**	300
Diluted	32.2	**357**	260

* Included in factory operating expenses are costs in respect of both the factory and group services operations.

Consolidated statement of other comprehensive income

for the year ended 31 December 2022

	Notes	2022 R000	2021 R000
Profit for the year		**478 851**	294 266
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the year		**25 659**	40 028
Exchange differences on translating foreign operations	18	**31 008**	40 028
Reclassification to profit or loss of foreign currency translation reserve on deregistered operations	18	**(5 349)**	-
Items that may not be reclassified subsequently to profit or loss:		**47 797**	23 850
Surplus arising on revaluation of properties	18	**58 051**	-
Taxation relating to revaluation of properties	31.2	**(13 223)**	-
Fair value gain on investments designated as at fair value through other comprehensive income *	18	**2 969**	23 850
Other comprehensive income for the year, net of taxation		**73 456**	63 878
Total comprehensive income for the year		**552 307**	358 144
Total comprehensive income for the year attributable to:			
- Owners of Bell Equipment Limited		**530 302**	350 648
- Non-controlling interest		**22 005**	7 496

* There were no corresponding tax implications on fair value gain on investments designated as at fair value through other comprehensive income.

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Attributable to owners of Bell Equipment Limited					
	Stated capital R000	Non-distributable reserves * R000	Retained earnings R000	Total R000	Non-controlling interest R000	Total capital and reserves R000
Balance at 1 January 2021	235 541	891 355	2 360 316	3 487 212	16 566	3 503 778
Total comprehensive income attributable to owners of Bell Equipment Limited	-	63 878	286 770	350 648	-	350 648
Total comprehensive income attributable to non-controlling interest	-	-	-	-	7 496	7 496
Decrease in statutory reserves of foreign subsidiaries	-	(9 979)	9 979	-	-	-
Decrease in equity-settled employee benefits reserve	-	(4 581)	4 581	-	-	-
Dividends paid	-	-	(189)	(189)	-	(189)
Balance at 31 December 2021	235 541	940 673	2 661 457	3 837 671	24 062	3 861 733
Total comprehensive income attributable to owners of Bell Equipment Limited	**-**	**73 456**	**456 846**	**530 302**	**-**	**530 302**
Total comprehensive income attributable to non-controlling interest	**-**	**-**	**-**	**-**	**22 005**	**22 005**
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	**-**	**(2 053)**	**2 053**	**-**	**-**	**-**
Decrease in equity-settled employee benefits reserve	**-**	**(3 592)**	**3 592**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**(47 631)**	**(47 631)**	**(1 201)**	**(48 832)**
Balance at 31 December 2022	**235 541**	**1 008 484**	**3 076 317**	**4 320 342**	**44 866**	**4 365 208**

* Refer to note 18 for details on the movements in the non-distributable reserves.

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 R000	2021 R000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (utilised in) generated from operations	A	**(26 108)**	657 470
Interest paid	B	**(122 173)**	(97 705)
Interest received	C	**89 816**	60 460
Taxation paid	D	**(157 839)**	(26 361)
Net cash (utilised in) generated from operating activities		**(216 304)**	593 864
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of additional property, plant and equipment and intangible assets		**(130 740)**	(103 651)
Proceeds on disposal of property, plant and equipment		**5 008**	13 221
Proceeds on disposal of listed investments		**3 455**	-
Net cash utilised in investing activities		**(122 277)**	(90 430)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest-bearing liabilities raised	E	**1 245 231**	322 464
Interest-bearing liabilities repaid	E	**(795 665)**	(690 529)
Lease liabilities repaid		**(47 914)**	(53 541)
Dividends paid		**(48 832)**	(189)
Net cash generated from (utilised in) financing activities		**352 820**	(421 795)
Net increase in cash for the year		**14 239**	81 639
Net bank overdrafts and borrowings on call at beginning of the year		**(317 002)**	(398 641)
Net bank overdrafts and borrowings on call at end of the year	F	**(302 763)**	(317 002)

Notes to the consolidated statement of cash flows

for the year ended 31 December 2022

		Notes	2022 R000	2021 R000
A	**Cash (utilised in) generated from operations**			
	Profit from operating activities		**705 188**	403 722
	Adjustments for non-cash items:			
	Amortisation of intangible assets	9	**44 531**	36 364
	Depreciation of property, plant and equipment	7	**141 993**	151 396
	Depreciation of right-of-use assets	8	**58 474**	63 436
	Reversal of impairment loss on property, plant and equipment recognised in previous periods	7	**(5 786)**	-
	Impairment loss recognised on intangible assets	9	**9 348**	-
	Net surplus on disposal of property, plant and equipment		**(1 828)**	(8 530)
	Increase in allowance for expected credit losses		**7 629**	13 652
	Amounts written off as credit impaired	28	**5 065**	3 850
	Reclassification to profit or loss of foreign currency translation reserve relating to deregistered operations		**(5 349)**	-
	Increase in provision for inventory write-downs, including write-downs to equipment on short-term rentals		**35 901**	53 806
	Increase in provisions		**67 316**	14 074
	Gain arising on financial assets and financial liabilities at fair value through profit or loss		**(9 953)**	(10 715)
	Exchange differences on translation of foreign subsidiaries		**15 453**	21 103
	Unrealised exchange differences on trade and other receivables and payables		**11 227**	40 117
	Increase in WesBank right-of-recovery asset	13	**-**	(17 672)
	Other non-cash items		**18 200**	5 211
	Net non-cash movements in contract liabilities		**43 075**	25 263
	Net non-cash movements in refund liabilities		**(9 297)**	(4 957)
	Cash generated from operations before working capital changes		**1 131 187**	790 120
	Increase in inventory		**(1 205 092)**	(42 305)
	Transfers of equipment to rental assets in property, plant and equipment	7	**(2 262)**	(73 569)
	Increase in trade and other receivables		**(266 515)**	(120 050)
	Increase in other assets		**(101 293)**	(41 238)
	Increase in trade and other payables		**415 363**	215 434
	Increase in instalment sale agreements and other interest-bearing receivables		**(39 214)**	(33 213)
	Increase (decrease) in contract liabilities		**32 967**	(20 975)
	Decrease in refund liabilities		**(17 471)**	(17 479)
	Decrease (increase) in service and repair work in progress in contract assets	11	**7 836**	(11 929)
	WesBank cash collateral repaid	11	**18 386**	16 766
	WesBank cash collateral advanced	11	**-**	(4 092)
	Total cash (utilised in) generated from operations		**(26 108)**	657 470
B	**Interest paid**			
	Interest accrued at beginning of the year		**4 859**	8 191
	Add: interest expense	29	**136 977**	96 388
	Less: interest charged to profit or loss relating to lease liabilities	29	**(37 180)**	(37 034)
	Add: interest portion of lease payments made on lease liabilities		**35 008**	35 019
	Less: interest accrued at end of the year		**(17 491)**	(4 859)
	Total interest paid		**122 173**	97 705

Notes to the consolidated statement of cash flows *continued*

for the year ended 31 December 2022

		Notes	2022 R000	2021 R000
C	**Interest received**			
	Interest accrued at beginning of the year		**3 883**	355
	Add: interest income	30	**77 512**	62 276
	Less: deferred finance income from contract liabilities recognised as revenue	22.4	**(35 164)**	(34 238)
	Add: deferred finance income from contracts sold	22.4	**48 907**	35 950
	Less: interest accrued at end of the year		**(5 322)**	(3 883)
	Total interest received		**89 816**	60 460
D	**Taxation paid**			
	Net taxation (owing) refund due at beginning of the year		**(1 617)**	48 977
	Taxation charge for the year:			
	South African normal taxation	31.1	**(105 080)**	(18 684)
	Foreign taxation	31.1	**(57 841)**	(52 545)
	Withholding taxation	31.1	**(1 235)**	(2 257)
	Other corporate taxation	31.1	**(501)**	(1 110)
	Translation differences		**(3 060)**	(2 359)
	Net taxation owing at end of the year		**11 495**	1 617
	Total taxation paid		**(157 839)**	(26 361)
E	**Interest-bearing liabilities**			
	Total interest-bearing liabilities at beginning of the year		**378 644**	751 695
	Translation differences		**1 095**	(166)
	Loan relief in respect of COVID-19		**-**	(4 820)
	Interest-bearing liabilities raised		**1 245 231**	322 464
	Interest-bearing liabilities repaid		**(795 665)**	(690 529)
	Interest accrued		**15 818**	-
	Total interest-bearing liabilities at end of the year	20	**845 123**	378 644
F	**Net bank overdrafts and borrowings on call**			
	Bank overdrafts and borrowings on call	38.2	**(531 363)**	(473 334)
	Cash and bank balances	16	**228 600**	156 332
	Net bank overdrafts and borrowings on call at end of the year		**(302 763)**	(317 002)

Notes to the consolidated annual financial statements

for the year ended 31 December 2022

1. GENERAL INFORMATION

Bell Equipment Limited (the company) is a public company incorporated in South Africa. The addresses of its registered office and principal place of business are disclosed on page 98 of this report. The principal activities of the company and its subsidiaries (the group) are described in the directors' report under the heading nature of business.

2. ACCOUNTING FRAMEWORK

2.1 Statement of compliance

The consolidated annual financial statements (hereinafter referred to as financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and in accordance with the requirements of the Companies Act in South Africa.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and certain financial instruments which are measured at fair value. The principal accounting policies adopted are set out below and in the related notes to the financial statements. The accounting policies are consistent with those applied to the previous year.

2.2 Principal accounting policies

2.2.1 Foreign currency translation

Functional and presentation currency

The financial statements are presented in South African Rand, which is the company's functional and presentation currency, rounded to the nearest thousand.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary balances denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary balances carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary balances that are measured in terms of historical cost in a foreign currency are not retranslated.

Forward foreign exchange contracts are separately valued at equivalent forward rates ruling at the reporting date.

Gains and losses arising on translation of foreign currency transactions are dealt with in profit or loss. Gains and losses arising on inventory purchases are classified as cost of sales.

Foreign subsidiary translation

The results and financial position of all group entities that have a functional currency different from South African Rand, the company's presentation currency, are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the exchange rates prevailing at the end of the reporting period;
- foreign reserves on the statement of financial position are translated at the exchange rates prevailing at the end of the reporting period;
- income and expenses for each statement of profit or loss are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the group's foreign currency translation reserve.

Such translation differences are reclassified to profit or loss through other comprehensive income in the period in which the foreign operation is discontinued or disposed of.

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

In the current year the group has adopted all of the amended standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2022.

3.1 New and amended standards adopted
During the current year, no new standards have been adopted but the group adopted certain amended standards which had no significant impact on the group's financial statements.

3.2 Standards and amendments in issue not yet adopted
At the date of authorisation of these financial statements, the following new and amended standards relevant to the group were in issue but not yet effective.

New	Effective date for annual periods beginning on or after:
IFRS 17 - Insurance Contracts	1 January 2023
Amended	
IAS 1 - Presentation of Financial Statements: Amendments regarding non-current liabilities with covenants	1 January 2024
IAS 1 - Presentation of Financial Statements: Amendments regarding the classification of liabilities	1 January 2024
IAS 1 - Presentation of Financial Statements: Disclosure of accounting policies	1 January 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates	1 January 2023
IAS 12 - Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 16 - Leases: Amendments regarding lease liability in a sale and leaseback transaction	1 January 2024

The full impact of *IFRS 17 Insurance Contracts* has not yet been assessed and an assessment is planned for 2023. All above amended accounting standards are not anticipated to have a significant impact on the group's financial statements in future periods when these are adopted.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

4.1 Judgements and estimates made by management in applying accounting policies
Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments. These are described below:

Revenue recognition

a) Judgements in determining the timing of satisfaction of performance obligations
   - performance obligations satisfied at a point in time (refer to notes 27.1, 27.2 and 27.3)
   - performance obligations satisfied over time (refer to notes 27.4 and 27.5)
   - performance obligations with regards to bill and hold arrangements (refer to note 27.1.1)

b) Judgements in determining whether the group is a principal or an agent
   - performance obligations with regards to transport services (refer to note 27.3.2)

c) Judgements and estimates in determining the transaction price and the amounts allocated to performance obligations
   - credit risk undertakings (affecting revenue recognition) (refer to note 42)
   - effects of the time value of money relating to deferred service contract revenue, extended warranty contracts and instalment sale agreements (refer to notes 22, 27.1.6, 27.3.1 and 27.4)
   - trade-ins (refer to note 27.1.3)
   - allocation of the transaction price (refer to note 27.1.1)

Standard warranties

a) Judgements and estimates in determining the group's obligation to end customers with regards to warranties on manufactured equipment provided by the group (refer to note 24.1)

b) Judgements and estimates in determining the group's obligation to end customers with regards to supplier warranties provided by third party equipment suppliers and third party component suppliers (refer to note 24.2)

c) Judgements in determining when the group's reimbursement right from third party component suppliers is established (refer to note 24)

Financial assets

a) Judgements and estimates in determining the impairments of financial assets (refer to note 14)

b) Judgements and estimates in determining the fair value of the unlisted equity investment (refer to note 10)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES *continued*

4.1 Judgements and estimates made by management in applying accounting policies *continued*

Revaluation of property, plant and equipment
a) Judgements in selecting an appropriate valuation technique (refer to note 7)
b) Judgements in selecting the assumptions in determining the fair value of property, plant and equipment (refer to note 7)

Intangible assets
a) Judgements and estimates in determining time spent by engineering department that qualifies for capitalisation (refer to note 9)
b) Judgements and estimates in determining the useful lives (refer to note 9)
c) Judgements in determining when the recognition criteria have been met to recognise an intangible asset (refer to note 9)
d) Judgements and estimates in determining the impairments of intangible assets (refer to note 9)

Leases - the group as a lessee
a) Judgements in determining the lease term (refer to note 21)
b) Judgements in determining an incremental borrowing rate (refer to note 21)

Cash-settled employee share-based payments
a) Judgements and estimates around the achievement of the HEPS and ROIC performance conditions and inputs into the fair valuation model (refer to note 33.2)

Basis of consolidation
a) Control over WesBank financing venture (refer to note 42)

4.2 Dilutive impact on earnings per share and headline earnings per share of the potential ordinary shares relating to the shareholding of BEE parties in BECSA and BESSA (refer to notes 32.2 and 32.4)

a) Judgements in determining whether the BEE parties will be settled in cash, shares in another group entity or shares in the company. The directors concluded that the parties will be settled in shares in the company.
b) Judgements and assumptions regarding expected future cash flows, factors such as expected future market conditions, discount rates and terminal growth rates in respect of valuations performed on BECSA and BESSA. Refer to note 4.3 below and to note 5 in respect of key inputs into the valuation of BECSA. In respect of BESSA, the key valuation inputs were as follows:
   - forecast sales volumes
   - discount rate of 19,6% (2021: 15,4%)
   - terminal growth rate of 4,0% (2021: 4,0%)

4.3 IAS 36 Impairment of Assets and going concern

The judgements made by management in respect of the impairment of assets are described below:
a) Judgements in identifying the group's cash generating units (refer to note 5)
b) Judgements in determining the discount rates (refer to note 5)
c) Judgements in determining the terminal growth rates (refer to note 5)
d) Judgements and estimates in determining the future cash flows (refer to note 5)

The determination of forecasts and expected future cash flows requires management to exercise judgement and make assumptions relating to factors such as expected future market conditions. Refer to note 5.

5. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

In terms of *IAS 36 Impairment of Assets* the group is required to perform tests for impairment of assets based on the expected future cash flows pertaining to these assets whenever there is an indication that these assets may be impaired.

At 31 December 2022 the market capitalisation and net asset value of the group were R1,5 billion (2021: R1,2 billion) and R4,4 billion (2021: R3,9 billion) respectively. This is an indicator of possible impairment of the group's business in terms of IAS 36.

Management has identified two types of CGU's and has adopted the following approach in order to assess the relevant CGU for impairment:

- OEM CGU: The Richards Bay manufacturing component (BECSA), the Germany manufacturing and assembly component (Kindel), the Germany logistics centre component (Alsfeld), BEGS including the GLC component and Bell Equipment North America Inc. component (BENA), constitute this main CGU. Management has calculated a fair value for this CGU using a discounted cash flow model which is compared to the relevant net assets within the CGU in order to determine whether there is any need for impairment of OEM assets. A discounted cash flow valuation was performed for each of the components and the sum of the fair values of the components was compared with the carrying amount of the assets recorded in the financial statements for the OEM CGU.
- Dealer CGU's: There are a number of CGU's relating to the owned direct sales operations, such as BESSA. Management performed a qualitative risk assessment of the profitability and any potential exposure of assets within the relevant CGU to impairment under IAS 36. No impairment losses were identified from this review.

Further consideration was given to the possible impairment of specific asset categories on the statement of financial position as set out in note 5.2 below.

5. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 *continued*

5.1 Impairment considerations of the OEM CGU

The following was considered in the valuation based on discounted cash flow methodology of the OEM CGU:

- Discounted cash flow valuation principles were applied in assessing the expected future cash flows pertaining to each of the operations comprising the OEM CGU. A fair value less costs to sell measurement assessment was performed.
- The key assumptions used in the valuations related to financial forecasts, cash flow projections, terminal growth rates and discount rates as listed below. The financial forecasts and cash flow projections were approved by the board of directors. Specialists were engaged to determine appropriate discount rates and terminal growth rates, to review the appropriateness of the valuation methodology applied and the accuracy of implementation thereof by management.

Key inputs into the valuations performed were as follows:

- the sales volumes forecast by market was a key input to the financial forecasts.
- pre-tax discount rates and terminal growth rates of the operations as described below:

	2022			2021		
	Weighted Average Cost of Capital		Terminal growth rate	Weighted Average Cost of Capital		Terminal growth rate
	Low	High		Low	High	
Operations comprising the OEM CGU	%	%	%	%	%	%
Manufacturing operations						
- BECSA	23,5	25,4	4,5	22,8	25,4	4,5
- Kindel	11,7	12,9	2,0	8,2	9,1	2,0
Logistics operations						
- Alsfeld	11,3	12,5	2,0	7,9	8,7	2,0
- BENA	13,7	14,8	2,0	10,2	11,1	2,0
OEM						
- BEGS	27,3	29,2	4,5	20,0	21,7	4,5

In respect of the discount rates, key inputs into the cost of equity and after tax cost of debt were:

- Small stock premium - considerations were the diversification of the group that operates across a number of jurisdictions with a diversified customer base, the substantial market share in South Africa, the governance in place being a listed entity, and the level of gearing. A small stock premium of 0.0% was applied.
- Risk free rate - nominal risk free rates were applied as follows:
  - BECSA and BEGS - 10,78% (2021: 9,63%) based on the yield of the R2032 South African Government bond as at year end;
  - Kindel and Alsfeld - 2,45% (2021: 0,09%) based on the average yield on the 30-year German Government bonds at year-end;
  - BENA - 4,14% (2021: 1,98%) based on the yield on the US 20 year treasury bonds at year end.
- Market risk premium - a market risk premium of 6,5% (2021: 6,5%) was used for all entities except BENA. The US market risk premium was reduced by 50 basis points, equating to a market risk premium of 6,0% (2021: 6,0%), to take into account the risk free rate typically applied in that market.
- Beta co-efficient for BECSA and BEGS of 1,08 (2021: 1,10), for BENA of 1,09 (2021: 1,11) and for Kindel and Alsfeld of 1,07 (2021: 1,09) were used.
- Company specific risk premiums, taking into consideration the business models and risks of the businesses, of in the range of 15% to 25% (2021: -5% to 5%) for BECSA, in the range of 0% to 10% (2021: -5% to 5%) for Kindel, in the range of 40% to 50% (2021: 10% to 20%) for BEGS, in the range of 15% to 25% (2021: 10% to 20%) for BENA and in the range of 0% to 10% (2021: 0% to 10%) for Alsfeld, were applied.
- Cost of debt – a credit spread of 2% (2021: 2%) was added to the respective risk free rates, taking into account the actual cost of external borrowings as well as what market comparators could achieve in relation to the prime lending rates in the respective markets.
- A capital structure of 80% (2021: 80%) equity and 20% (2021: 20%) debt was assumed.
- The prevailing corporate tax rates in the respective jurisdictions were used.

Terminal growth rates were benchmarked against respective long-term inflation rates that are inherent in the applied risk free rates. Inflation and other macroeconomic data was obtained from independent analyst reports.

The recoverable amount of the OEM CGU was determined as R5,2 billion (2021: R3,5 billion), compared with the carrying amount of the sum of the operations comprising the OEM CGU of R1,9 billion (2021: R1,4 billion).

No impairment losses relating to the operations comprising the OEM CGU were identified from this review.

5. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 *continued*

5.2 Impairment considerations of specific asset categories

Further consideration was given to the impairment of specific asset categories on the statement of financial position as set out below.

5.2.1 *Inventory*

The group conducted its detailed annual assessment of the valuation of inventory at 31 December 2022. All inventory is valued at the lower of cost and net realisable value. At 31 December 2022, an amount of R313,2 million (2021: R326,9 million) included in inventory was carried at net realisable value. Included in cost of sales in the current year is an amount of R55,1 million (2021: R42,5 million) in respect of write-downs of inventory.

The following steps and considerations were taken by management as part of its assessment to determine if inventories were impaired:

- inventory was categorised by type (new equipment, used equipment and parts by product), ageing and market into which the inventory is expected to be sold.

5.2.2 *Trade and interest-bearing receivables*

The balances owed by customers to the group are reviewed on an ongoing basis, with specific emphasis on protecting the value of the group's security, comprising mainly the financed equipment. There has been no change to this approach during the current year. Management considered the likely impact of the current economic and market conditions on the expected loss rates for receivables. Management has concluded that no change on a portfolio basis is required. Steps and considerations taken by management as part of the forward-looking assessment of expected credit losses included the following:

- the market prices being realised and expected to be realised for capital equipment in the South African and international markets.
- the robustness of the group's processes to inspect, service and maintain equipment held as security for outstanding receivables.
- the status and prospects of the revenue generating contracts on which the financed equipment is being used by the customers with significant outstanding balances and the industries in which those customers are operating.
- the status of cash conversion on customer accounts, including parts accounts.

5.2.3 *Property, plant and equipment*

There has been no change in the group's plans to use its assets to support revenue generating activities. The group's freehold land and buildings were revalued in the current year and a reversal of a prior period impairment loss of R5,8 million (2021: Rnil) was accounted for in profit or loss and a revaluation surplus of R58,1 million (2021: Rnil) was accounted for in other comprehensive income for the period. No impairment of property, plant and equipment was considered necessary.

5.2.4 *Intangible assets*

A review was conducted of capitalised engineering development costs and projects to the value of R9,3 million (December 2021: Rnil) were discontinued and impaired in the current period.

5.3 Impairment considerations of Russian operation

Due to the ongoing Russia-Ukraine conflict and sanctions imposed, the assets relating to the group's operation in Russia were tested for impairment. Access to the cash and bank balances in this operation is restricted at present (refer to note 16). The carrying value of inventory in this operation amounts to R27,3 million and this is considered to be recoverable. There are no other significant assets in this operation. No impairment losses were identified from this review.

5.4 Directors' assessment of going concern and monitoring of facility levels

As part of the assessment of the appropriateness of adopting the going concern basis in preparing the consolidated annual financial statements for the year ended 31 December 2022, the directors considered the group's cash flow forecasts for the next twelve months. These forecasts are based on expected demand for the next 12 months. The cash flow forecast reflects that the group expects to operate within facility levels and generate sufficient cash flows to settle its obligations when due. Management constantly monitors the facility levels in relation to the group's cash flow forecast.

The group's net debt at 31 December 2022 has increased since 2021 to approximately R1,1 billion (2021: R0,7 billion). The group's lenders continue to support the business.

The directors consider it appropriate that the year-end financial statements are prepared on a going concern basis.

6. OPERATING SEGMENTS

Accounting policy

The operating segments of the group by geographical area have been identified on the basis of internal reports about components of the group that are regularly reviewed by the group's chief executive in order to allocate resources to the segments and to assess their performance.

The group conducts two main business operations:

Manufacturing, assembly, logistics and dealer sales operations
- OEM operations comprising manufacturing, assembly and sales of equipment and aftermarket products to independent dealers for their distribution to market.

Direct Sales operations
- owned distribution operations for direct sales of own manufactured products, other third party products and the supply of aftermarket support and products to market.

The Manufacturing, assembly, logistics and dealer sales operations comprise operations in South Africa and Europe:
- South Africa includes the group's main OEM and manufacturing operations in Richards Bay and the group's global parts logistics centre in Johannesburg. The main function of these operations is to manufacture and distribute product to the rest of the group and to independent dealers in North America, Africa, South America and Australasia.
- Europe includes dealer support operations in the United Kingdom, France, Russia and Germany as well as an assembly and manufacturing plant and a parts logistics centre in Germany which distribute product to independent dealers in North America, Europe and Asia.

The Direct Sales operations comprise operations in South Africa and Rest of Africa:
- South Africa includes a number of customer service centres in South Africa and Eswatini.
- Rest of Africa includes customer service centres in Zambia and Zimbabwe.

Other operations include the results of the group's holding companies, intra-group loan investment companies, property investment company and BBBEE companies and trust.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Each reportable segment, except for the other operations and inter-segmental eliminations segment, derives its revenue mainly from the sale of equipment and aftermarket products.

6. OPERATING SEGMENTS *continued*

2022	Manufacturing, assembly, logistics and dealer sales operations South Africa R000	Manufacturing, assembly, logistics and dealer sales operations Europe R000	Direct Sales operations South Africa R000	Direct Sales operations Rest of Africa R000	Other operations and inter-segmental eliminations * R000	Consolidated R000
Revenue **						
External revenue	2 036 076	3 738 011	3 925 539	576 594	-	10 276 220
Inter-segment revenue	4 984 881	385 145	18 463	10 190	(5 398 679)	-
Total revenue	7 020 957	4 123 156	3 944 002	586 784	(5 398 679)	10 276 220
Profit (loss) from operating activities	369 244	141 750	174 927	45 136	(25 869)	705 188
Interest expense	(143 542)	(16 784)	(84 720)	(4 513)	112 582	(136 977)
Interest income	71 645	1 915	58 445	87	(54 580)	77 512
Taxation	(69 227)	(37 452)	(51 107)	(7 901)	(1 185)	(166 872)
Profit for the year	228 120	89 429	97 545	32 809	30 948	478 851
Segment assets	5 546 590	2 697 618	1 530 198	291 770	(1 415 451)	8 650 725
Segment liabilities	4 592 601	1 388 537	1 331 250	124 165	(3 151 036)	4 285 517
Other information						
Additions to property, plant and equipment and intangible assets	110 670	9 579	4 596	5 096	799	130 740
Additions to right-of-use assets	47 852	114 483	19 677	-	-	182 012
Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangibles	127 499	29 311	89 945	4 060	(5 817)	244 998
Reversal of impairment loss on property, plant and equipment recognised in previous periods	-	-	-	(5 786)	-	(5 786)
Other material items of income and expense:						
- Net foreign currency losses (gains)	7 856	(38 827)	-	6 074	770	(24 127)
- Staff costs (including directors' remuneration)	1 040 003	359 297	321 161	44 280	994	1 765 735
- Increase (decrease) in contract provision - warranty	63 900	27 478	17 578	2 499	(44 139)	67 316
- Warranty expenditure - standard and extended warranties	186 432	8 382	31 000	2 511	350	228 675
- Impairment loss recognised on intangible assets	9 348	-	-	-	-	9 348
- (Decrease) increase in provision for inventory write-downs (including write-downs to equipment on short-term rentals)	(10 592)	10 583	33 426	2 014	470	35 901
- APDP - production incentives	144 351	-	-	-	-	144 351

Information about major customers
Included in the manufacturing, assembly, logistics and dealer sales operations segment, in South Africa and Europe, are sales to a distributor in the United States of America which represent more than 10% of the group's external revenue. No other single customer contributed 10% or more to the group's revenue in either 2022 or 2021.

* Inter-segmental eliminations above relate to the following:
- i) Revenue - the elimination of intra-group sales transactions, mainly sales from the manufacturing, assembly, logistics and dealer sales operations to other group operations.
- ii) Operating profit - the elimination of profit or loss on intra-group transactions, mainly sales transactions from the manufacturing, assembly, logistics and dealer sales operations to the other group operations, where the inventory has not yet been on-sold to a third party at period end.
- iii) Assets and liabilities - the intra-group transactions result in intra-group receivables and payables balances and furthermore intra-group loans are in place between certain group operations. These are eliminated on consolidation.

** The group's revenue from major products and services are disclosed in note 27.

6. OPERATING SEGMENTS *continued*

2021	Manufacturing, assembly, logistics and dealer sales operations		Direct Sales operations			
	South Africa R000	Europe R000	South Africa R000	Rest of Africa R000	Other operations and inter-segmental eliminations * R000	Consolidated R000
Revenue **						
External revenue	1 559 116	3 077 428	3 044 088	336 493	-	8 017 125
Inter-segment revenue	3 556 860	209 936	18 756	2 641	(3 788 193)	-
Total revenue	5 115 976	3 287 364	3 062 844	339 134	(3 788 193)	8 017 125
Profit from operating activities ***	8 558	157 561	94 036	122 546	21 021	403 722
Interest expense	(97 134)	(18 024)	(67 583)	(4 522)	90 875	(96 388)
Interest income	60 636	838	31 341	123	(30 662)	62 276
Taxation	6 547	(26 559)	(21 037)	(6 243)	(28 052)	(75 344)
(Loss) profit for the year	(21 393)	113 816	36 757	111 904	53 182	294 266
Segment assets	4 252 535	2 223 787	1 415 932	267 678	(1 235 925)	6 924 007
Segment liabilities	3 499 598	1 192 851	1 308 765	132 500	(3 071 440)	3 062 274
Other information						
Additions to property, plant and equipment and intangible assets	89 299	6 070	2 825	3 107	2 350	103 651
Additions to right-of-use assets	9 254	5 710	9 270	-	-	24 234
Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangibles	120 001	29 123	106 502	4 000	(8 430)	251 196
Other material items of income and expense:						
- Net foreign currency losses (gains)	27 395	(20 669)	-	5 470	(1 045)	11 151
- Staff costs (including directors' remuneration)	886 073	297 501	299 501	35 197	11 256	1 529 528
- Increase (decrease) in contract provision - warranty	23 557	9 078	(959)	(107)	(16 605)	14 964
- Warranty expenditure - standard and extended warranties	126 368	10 800	30 040	1 401	(45)	168 564
- (Decrease) increase in provision for inventory write-downs (including write-downs to equipment on short-term rentals)	(5 082)	15 588	38 661	4 639	-	53 806
- APDP - production incentives	90 884	-	-	-	-	90 884

* Inter-segmental eliminations above relate to the following:
i) Revenue - the elimination of intra-group sales transactions, mainly sales from the manufacturing, assembly, logistics and dealer sales operations to other group operations.
ii) Operating profit - the elimination of profit or loss on intra-group transactions, mainly sales transactions from the manufacturing, assembly, logistics and dealer sales operations to the other group operations, where the inventory has not yet been on-sold to a third party at period end.
iii) Assets and liabilities - the intra-group transactions result in intra-group receivables and payables balances and furthermore intra-group loans are in place between certain group operations. These are eliminated on consolidation.

** The group's revenue from major products and services are disclosed in note 27.

*** Profit from operating activities in the Rest of Africa segment in the prior year included the intra-group waiving of debt owed by the Zimbabwean operation.

7. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Freehold land is not depreciated and is stated at revalued amounts with subsequent additions at cost, less any subsequent accumulated impairment losses. Freehold buildings are stated at revalued amounts, with subsequent additions at cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses. Other assets and its subsequent additions are stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluations of freehold land and buildings are undertaken every three years or when there is an indication of impairment, whichever comes first and are classified as Level 3 fair value measurements under IFRS 13. The group engages independent qualified valuers to perform the valuations. Inputs into the valuation model are based on market data to the extent it is available and can cause material fluctuations in the fair value of the relevant properties. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, 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 expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or disposal of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Depreciation on revalued buildings is recognised in profit or loss.

Depreciation of assets commences when the asset is available for use and is expensed in the statement of profit or loss. The depreciable values of leasehold buildings are depreciated over the shorter of their expected useful lives and the period of the lease. Depreciation on other assets is provided on a straight-line basis over the anticipated useful lives of the assets, taking residual values into account. Depreciation ceases on an asset only when the asset is derecognised or when it is classified as held for sale.

Rental assets are stated at cost less accumulated depreciation. Manufactured and third party equipment is classified as rental assets under property, plant and equipment when they are held for rental to others and these rentals are expected to exceed 12 months. Equipment that is held for sale but is incidentally rented out under short-term rentals until a buyer is found, is classified as inventory. Rental assets are depreciated based on the hours utilised while on rental. Depreciation on rental assets is classified as cost of sales.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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.

The annual rates of depreciation currently used are:

• Freehold buildings	2% to 3,33%
• Leasehold buildings	5% to 20%
• Plant and equipment	4% to 33%
• Rental assets - manufactured and third party equipment	25% to 35%
• Vehicles	10% to 25%
• Aircraft	10% to 12,5%

Useful lives and residual values are reviewed annually, with the effect of any change in accounting estimate accounted for on a prospective basis. In assessing the useful lives of the assets and residual values, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values. In assessing useful lives and residual values assumptions are made concerning the future and these may cause a significant adjustment to the carrying amounts of the assets within the next financial year.

Impairment of property, plant and equipment
At the end of the reporting period, the group reviews the carrying amounts of its property, plant and equipment 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Refer to the impairment considerations in note 5.

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 pre-tax 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. Assumptions are made in projecting disposal values and in determining estimated future cash flows. Estimation uncertainties may cause a material adjustment to the carrying amounts of the assets within the next financial year.

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 through other comprehensive income.

7. PROPERTY, PLANT AND EQUIPMENT *continued*

	Cost / valuation 2022 R000	Accumulated depreciation and impairments 2022 R000	Net book value 2022 R000	Cost / valuation 2021 R000	Accumulated depreciation and impairments 2021 R000	Net book value 2021 R000
Freehold land and buildings	**679 189**	**54 412**	**624 777**	649 552	69 220	580 332
Leasehold buildings *	**11 387**	**3 762**	**7 625**	7 656	2 921	4 735
Plant and equipment	**800 106**	**546 398**	**253 708**	724 729	500 570	224 159
Rental assets - manufactured and third party equipment	**71 203**	**27 856**	**43 347**	195 803	98 371	97 432
Vehicles and aircraft	**62 178**	**47 155**	**15 023**	57 932	45 622	12 310
Total	**1 624 063**	**679 583**	**944 480**	1 635 672	716 704	918 968

Movement in property, plant and equipment	Freehold land and buildings R000	Leasehold buildings * R000	Plant and equipment R000	Rental assets - manufactured and third party equipment R000	Vehicles and aircraft R000	Total R000
2022						
Net book value at beginning of the year	**580 332**	**4 735**	**224 159**	**97 432**	**12 310**	**918 968**
Gain on revaluation	**58 051**	**-**	**-**	**-**	**-**	**58 051**
Reversal of impairment loss recognised in previous periods	**5 786**	**-**	**-**	**-**	**-**	**5 786**
Additions	**1 884**	**3 817**	**85 268**	**-**	**7 903**	**98 872**
Disposals	**-**	**(42)**	**(1 587)**	**-**	**(1 489)**	**(3 118)**
Depreciation	**(26 735)**	**(863)**	**(54 016)**	**(56 347)**	**(4 032)**	**(141 993)**
Transfers **	**-**	**-**	**-**	**2 262**	**-**	**2 262**
Translation differences	**5 459**	**(22)**	**(116)**	**-**	**331**	**5 652**
Net book value at end of the year	**624 777**	**7 625**	**253 708**	**43 347**	**15 023**	**944 480**
2021						
Net book value at beginning of the year	598 135	4 620	228 927	91 338	12 132	935 152
Additions	2 639	640	55 058	-	4 502	62 839
Disposals	-	-	(4 971)	-	(52)	(5 023)
Depreciation	(24 152)	(567)	(53 352)	(68 392)	(4 933)	(151 396)
Transfers **	-	-	(1 418)	74 486	501	73 569
Translation differences	3 710	42	(85)	-	160	3 827
Net book value at end of the year	580 332	4 735	224 159	97 432	12 310	918 968

* Leasehold buildings relate to improvements not refunded or reimbursed by the landlord or improvements which are not part of the lease contract.

** Transfers of rental assets to the amount of R2,3 million (2021: R74,5 million) relate to equipment held for rental reclassified from inventory to rental assets in property, plant and equipment.

Certain property, plant and equipment is encumbered as indicated in note 20.1.

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Freehold land and buildings at valuation/cost comprise:	2022 R000	2021 R000
South Africa	**267 653**	249 415
Richards Bay		
Lot 1892 Alton Industrial Township	**27 200**	21 200
Lot 1894 Alton Industrial Township	**59 100**	56 300
Lot 10024 Alton Industrial Township	**140 884**	132 115
Middelburg		
Portion 45 Lot 11063, Extension 33	**40 469**	39 800
Germany	**333 542**	330 595
Oberste-Elpersweide 4, Alsfeld	**91 607**	91 130
Industriestraße 8, Hörselberg-Hainich, 99820	**241 935**	239 465
Zambia		
Plots 4095 and 4096, Chingola Road, Kitwe	**71 176**	63 866
France		
35 Avenue du Berry, 23800, Dun le Palestel	**6 818**	5 676
Total freehold land and buildings at cost/valuation	**679 189**	649 552

South Africa

The group's freehold land and buildings in Richards Bay and Middelburg were valued by the Mills Fitchet group, independent qualified valuers, on the fair value in continuation of existing use basis. The date of the valuations was 31 May 2022.

The valuations were undertaken in accordance with the requirements of the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS) and in particular *IFRS 13 Fair Value Measurement*.

The fair value of the freehold land and buildings was determined based on the market comparable approach that reflects recent industrial rentals and transaction prices for similar properties. In estimating the fair value of the freehold land and buildings, the highest and best use of these properties is its current use. The valuations include assumptions with regard to repairs and regular refurbishments.

In terms of the fair value hierarchy as required by *IFRS 13 Fair Value Measurement*, the fair value measurement has been classified as a Level 3. Level 3 fair value measurements use significant inputs that are not based on observable market data.

The valuation method used was the capitalisation of net annual income. Information about the fair value measurements is as follows:

Richards Bay	Level 3 Fair value R000	Significant unobservable inputs	Range	Sensitivity: inter-relationship between key unobservable inputs and fair value
Freehold land and manufacturing plant and administration buildings in Alton Industrial Township (i)	**226 400**	Rental per square metre	R40/m² to R45/m²	The higher the rental per square metre, the higher the fair value
		Capitalisation rate	10.75% per annum	The higher the capitalisation rate, the lower the fair value

(i) The properties in Richards Bay comprise a very large development and as a result it is unlikely to be let in the open market in its entirety to a single alternative tenant. This limits comparable evidence of similar industrial rentals for valuation purposes.

Reconciliation of carrying amount - Richards Bay	2022 R000	2021 R000
Net book value at beginning of the year	**181 621**	192 108
Additions at cost	**783**	2 350
Depreciation	**(15 458)**	(12 837)
Level 3 revaluation gain credited to revaluation reserve	**50 149**	-
Net book value at end of the year	**217 095**	181 621

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Middelburg	Level 3 Fair value R000	Significant unobservable inputs	Range	Sensitivity: inter-relationship between key unobservable inputs and fair value
Freehold land and customer service centre which includes warehousing, a workshop and administration buildings (ii)	**40 600**	Capitalisation rate	9.75% per annum	The higher the capitalisation rate, the lower the fair value
		Vacancy allowance	2.00% per annum	The higher the vacancy allowance, the lower the fair value
		Rental per square metre	R60/m² to R80/m²	The higher the rental per square metre, the higher the fair value

(ii) The property in Middelburg is a specialist property and specifically designed to the group's requirements. This limits the number of other potential users and for this reason the valuation assumes that the group remains in occupation and enters into a long-term lease with a listed fund. Based on the value of the lease, the property then becomes relatively saleable. The rental is based on a fair return on the cost of the investment.

Reconciliation of carrying amount - Middelburg	2022 R000	2021 R000
Net book value at beginning of the year	**38 382**	39 091
Depreciation	**(709)**	(709)
Level 3 revaluation gain credited to revaluation reserve	**2 514**	-
Net book value at end of the year	**40 187**	38 382

Germany
The group's freehold land and buildings in Alsfeld and Hörselberg-Hainich (Kindel) were valued by ValEx Deutschland GmbH, independent qualified valuers. The date of the valuations was 27 October 2022.

The valuations were undertaken in accordance with the requirements of the European Valuation Standards (EVS) of The European Group of Valuers' Associations (TEGoVA), the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS) and in particular *IFRS 13 Fair Value Measurement*.

The fair value of the freehold land and buildings in Germany was determined based on the investment approach. The investment approach was considered to be the most reliable method that closely represents the current market situation.

In terms of the fair value hierarchy as required by *IFRS 13 Fair Value Measurement*, the fair value measurement has been classified as a Level 3. Level 3 fair value measurements use significant inputs that are not based on observable market data.

Information about the fair value measurements is as follows:

Alsfeld	Level 3 Fair value R000	Significant unobservable inputs	Range	Sensitivity: inter-relationship between key unobservable inputs and fair value
Freehold land and customer service centre which includes warehousing, a workshop and administration buildings (iii)	**86 967**	Rental per square metre	R116/m²	The higher the rental per square metre, the higher the fair value
		Allowance for expenses	R0,9 million per annum	The higher the expense allowance, the lower the fair value
		Property yield	6.5% per annum	The higher the property yield, the lower the fair value

(iii) The group uses the property as a logistics centre which services mainly the European markets.

Kindel	Level 3 Fair value R000	Significant unobservable inputs	Range	Sensitivity: inter-relationship between key unobservable inputs and fair value
Freehold land and a manufacturing and assembly plant which includes administration buildings (iv)	**227 575**	Rental per square metre	R104/m²	The higher the rental per square metre, the higher the fair value
		Allowance for expenses	R2,9 million per annum	The higher the expense allowance, the lower the fair value
		Property yield	7.75% per annum	The higher the property yield, the lower the fair value

(iv) The group's manufacturing and assembly component in Germany services the northern hemisphere markets and is unlikely to be let in the open market in its entirety to a single alternative tenant.

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Reconciliation of carrying amount - Germany *	2022 R000	2021 R000
Net book value at beginning of the year	**299 099**	308 958
Translation differences	**1 111**	(989)
Additions at cost	**1 085**	266
Depreciation	**(9 007)**	(9 136)
Net book value at end of the year	**292 288**	299 099

* The group did not adjust the carrying amounts of the freehold land and buildings in Germany as these carrying amounts approximated the fair values as determined by the valuator.

Zambia
The group's freehold land and buildings in Zambia were valued by Mak Associates Consulting Limited, independent qualified valuers. The date of the valuation was 31 December 2022.

The valuation was undertaken in accordance with the requirements of the Royal Institute of Chartered Surveyors' (RICS) Global Valuation Standards and International Financial Reporting Standards (IFRS), in particular *IFRS 13 Fair Value Measurement*.

The fair value of the freehold land and buildings in Zambia was determined based on the investment approach using the capitalisation method. The investment approach was considered to be the most reliable method that closely represents the current market situation. In terms of this approach, the future economic benefits from owning the property, in the form of net rental income are discounted using an appropriate capitalisation rate. The capitalisation rate was derived from a market yield for similar properties and the projected net income was assumed over a period exceeding 60 years. The projections include assumptions with regards to repairs and regular refurbishments. In estimating the fair value of this property, a leased property database of recent industrial rentals and transaction prices for properties with similar nature, location and condition was used.

In terms of the fair value hierarchy as required by *IFRS 13 Fair Value Measurement*, the fair value measurement has been classified as a Level 3. Level 3 fair value measurements use significant inputs that are not based on observable market data.

Information about the fair value measurement is as follows:

Zambia	Level 3 Fair value R000	Significant unobservable inputs	Range	Sensitivity: inter-relationship between key unobservable inputs and fair value
Freehold land and customer service centre which includes warehousing, a workshop and administration buildings in Kitwe (v)	**71 176**	Rental per square metre	R95/m²	The higher the rental per square metre, the higher the fair value
		Capitalisation rate - market yield	6.35% per annum	The higher the yield, the lower the fair value
		Allowance for expenses	8.0% per annum	The higher the rate, the lower the fair value

(v) The property is located in an industrial location with easy access to main roads and adequate services.

Reconciliation of carrying amount - Zambia	2022 R000	2021 R000
Net book value at beginning of the year	**62 476**	59 065
Translation differences	**4 349**	4 711
Depreciation	**(1 435)**	(1 300)
Level 3 revaluation gain credited to profit or loss *	**5 786**	-
Net book value at end of the year	**71 176**	62 476

* Reversal of a revaluation decrease recognised in profit or loss in previous periods.

The comparable amounts under the historical cost convention for the freehold land and buildings were:

Historical carrying amount	**467 866**	474 012

8. RIGHT-OF-USE ASSETS

Accounting policy

The group as lessee

At inception of a contract, the group assesses whether a contract is or contains a lease.

The group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date with respect to all lease arrangements in which it is the lessee. The right-of-use asset is initially measured at the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date. Refer to note 21 for the group's accounting policy on lease liabilities.

Subsequent to initial measurement, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term. In that case the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The group applies *IAS 36 Impairment of Assets* to determine whether a right-of-use asset is impaired (refer to note 5) and accounts for any identified impairment loss as described in note 7.

Short-term leases and leases of low value assets

The group does not recognise a right-of-use asset and a corresponding lease liability for short-term leases and leases of low value assets, but recognises the lease payments as operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The group leases various land and buildings, plant and equipment and vehicles. Lease contracts typically extend for fixed periods of one to 12 years but may have further extension options.

	Cost 2022 R000	**Accumulated depreciation 2022 R000**	**Net book value 2022 R000**	Cost 2021 R000	Accumulated depreciation 2021 R000	Net book value 2021 R000
Land and buildings	**517 727**	**182 870**	**334 857**	371 787	143 506	228 281
Plant and equipment	**14 938**	**10 137**	**4 801**	13 345	9 221	4 124
Vehicles	**79 804**	**51 560**	**28 244**	65 897	47 336	18 561
Total	**612 469**	**244 567**	**367 902**	451 029	200 063	250 966

Movement in right-of-use assets	**Land and buildings R000**	**Plant and equipment R000**	**Vehicles R000**	**Total R000**
2022				
Net book value at beginning of the year	**228 281**	**4 124**	**18 561**	**250 966**
Additions *	**157 101**	**2 579**	**22 332**	**182 012**
Disposals	**(5 966)**	**-**	**(70)**	**(6 036)**
Depreciation	**(43 889)**	**(2 171)**	**(12 414)**	**(58 474)**
Translation differences	**(670)**	**269**	**(165)**	**(566)**
Net book value at end of the year	**334 857**	**4 801**	**28 244**	**367 902**
2021				
Net book value at beginning of the year	253 408	7 015	26 972	287 395
Additions	15 538	423	8 273	24 234
Disposals	-	(77)	(225)	(302)
Depreciation	(41 933)	(3 200)	(18 303)	(63 436)
Translation differences	1 268	(37)	1 844	3 075
Net book value at end of the year	228 281	4 124	18 561	250 966

* Additions in the current year include a new 7 year property lease for commercial space relating to the group's manufacturing and assembly facility in Kindel, Germany, for an amount of R90,2 million, and a 10 year lease for commercial space relating to the group's manufacturing, sales and logistics operation in Richards Bay, for an amount of R46,1 million. Refer to note 21.

Amounts recognised in profit and loss during the reporting period:	**2022 R000**	2021 R000
Depreciation expense on right-of-use assets	**58 474**	63 436
Interest expense on lease liabilities	**37 180**	37 034
Expenses relating to short-term leases and leases of low value assets	**32 286**	18 681

9. INTANGIBLE ASSETS

Accounting policy

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives and is recognised in profit or loss under factory operating expenses. The estimated useful lives and amortisation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired separately
Intangible assets with finite useful lives acquired separately relate to capitalised software.

The annual rates of amortisation currently used are 10% to 20%.

Intangible assets generated from internal projects - research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where an intangible asset arises from the development phase of an internal project, management together with the various teams, largely being the engineering and marketing teams, assess whether the project meets the criteria for capitalisation. A project is only recognised as an asset if all of the following criteria listed in the project charter have been demonstrated:

- the technical feasibility of completing the project so that the product being developed will be available for use or sale;
- the intention to complete the project and use or sell the product being developed;
- the ability to use or sell the product being developed;
- how the project will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the product being developed; and
- the ability to measure reliably the expenditure attributable to the project during the development phase.

In the group's judgement the above criteria are generally considered to be met when the teams commence the building of the prototype of the product being developed. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the project first meets the recognition criteria listed above. Where no intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

The expenditure incurred on an internal project comprises of an allocation of the relevant engineering staff salary costs together with any material required for purpose of such development. In determining the engineering salary cost incurred, an estimate is made of the time spent by the engineering department on each of the internal projects and an allocation between these is made. This estimate of time is reviewed at regular intervals during the development phase and an adjustment made where necessary. This requires judgement.

An assessment is made once the development phase has ended, and thereafter annually, of the estimated useful life of each internal project capitalised. The assessment is based on past projects together with any information on future market trends. This requires judgement. The estimated useful lives currently vary from 5 to 10 years.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets
Intangible assets are subject to the same impairment testing and impairment accounting principles as those described in the accounting policy for property, plant and equipment (refer to note 7). Refer to the impairment considerations in note 5.

Where intangible assets are not yet available for use, impairment testing is done annually and whenever there is an indication that the asset may be impaired.

9. INTANGIBLE ASSETS *continued*

	Cost 2022 R000	Accumulated amortisation and impairments 2022 R000	Net book value 2022 R000	Cost 2021 R000	Accumulated amortisation and impairments 2021 R000	Net book value 2021 R000
Capitalised software	105 581	70 489	35 092	103 576	56 536	47 040
Capitalised engineering development expenditure	468 033	242 900	225 133	449 013	213 817	235 196
Total	573 614	313 389	260 225	552 589	270 353	282 236

Movement in intangible assets	Capitalised software R000	Capitalised engineering development expenditure R000	Total R000
2022			
Net book value at beginning of the year	47 040	235 196	282 236
Impairment loss	-	(9 348)	(9 348)
Additions	1 975	29 893	31 868
Amortisation	(13 923)	(30 608)	(44 531)
Net book value at end of the year	35 092	225 133	260 225
2021			
Net book value at beginning of the year	44 150	233 637	277 787
Additions	8 275	32 537	40 812
Amortisation	(5 386)	(30 978)	(36 364)
Translation differences	1	-	1
Net book value at end of the year	47 040	235 196	282 236

10. INVESTMENTS

Accounting policy

Investments are classified as at fair value through other comprehensive income and comprise of listed and unlisted equity instruments which are not held for trading. The group has elected to designate the investments below as at fair value through other comprehensive income as these are strategic investments and the group considers this classification to be more relevant.

Upon initial recognition, the investments are measured at fair value plus transaction costs. Subsequent to initial recognition, any gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve. Upon disposal of the equity investment, any related balance within the investment revaluation reserve is not reclassified to profit or loss, but transferred to retained earnings.

Dividends are recognised in profit or loss when the group's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income	2022 R000	2021 R000
Listed equity investments not held for trading *		
Opening balance	**14 081**	3 861
Disposals at fair value	**(3 455)**	-
Translation difference	**3 829**	954
Fair value (loss) gains	**(9 700)**	9 266
Closing balance	**4 755**	14 081
Unlisted equity investment not held for trading **		
Opening balance	**44 636**	29 754
Translation difference	**875**	298
Fair value gains	**12 669**	14 584
Closing balance	**58 180**	44 636
Total investments	**62 935**	58 717

* The listed investments are investments in companies which are listed on the Zimbabwean Stock Exchange. They have no fixed maturity. These investments have been fair valued using the quoted closing market prices at 31 December 2022 which resulted in a net loss of R9,7 million (December 2021: net gain of R9,3 million) which was accounted for in other comprehensive income. These have been classified as Level 1 fair value measurements. Dividend income of R0,2 million (2021: R0,2 million) has been received on these investments in 2022.

** The unlisted equity investment represents a 10% interest in the equity of an entity registered in the United States of America. The entity operates within the dealer and distribution network of the heavy equipment industry. The group does not have access to future forecast information with regards to this entity and has used the market approach to estimate the fair value of its investment. In estimating the fair value, the group used an average price to book ratio of 2.06 (December 2021: 2.25) applied to the estimated net asset value of the entity as at 31 December 2022. The price to book ratio of 2.06 represents an average of observable price to book ratios of a number of listed entities within the heavy equipment industry. The price to book ratios were obtained from a reputable market database. The fair value measurement has been classified as a Level 3 measurement. For a 10% change in the price to book ratio, there would have been an equal impact of R5,8 million (2021: R4,5 million) on the fair value of the investment. The fair value gain of R12,7 million (2021: R14,6 million) was accounted for in other comprehensive income.

11. INTEREST-BEARING RECEIVABLES AND CONTRACT ASSETS

Accounting policy

Interest-bearing receivables
Recognition
Interest-bearing receivables are classified as financial assets at amortised cost. Interest-bearing receivables are recognised at amortised cost using the effective interest rate method, less allowance for expected credit losses. Cash flows from interest-bearing receivables are solely payments of principal and interest and the group's objective is to collect the contractual cash flows that arise from these assets.

Impairment
The group elected to apply the simplified approach in assessing the recoverability of interest-bearing receivables. Under the simplified approach the expected credit loss allowance is measured at an amount equal to lifetime expected credit losses. The group measures the allowance for expected credit losses for interest-bearing receivables on the same basis as described in the accounting policy for trade and other receivables under the heading 'Impairment - trade receivables' (refer to note 14).

The expected credit loss rates for the group's instalment sale agreements are detailed below:

	South Africa
• equipment	< 1%
• parts and services	< 1%

Derecognition
The group derecognises interest-bearing receivables when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received (refer below and note 20.2).

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a financial asset other than in its entirety, the group allocates the previous carrying amount between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received is recognised in profit or loss.

Contract assets
WesBank cash collateral
The WesBank cash collateral relates to revenue transactions with credit risk undertakings. Refer to note 42.

Service and repair work in progress
Service and repair work in progress relates to revenue contracts with customers where the group has promised to service or repair a customer's machine and the group has not yet satisfied its performance obligation in terms of the contract. Job cards are maintained to keep track of labour, parts and other costs incurred by the group on a particular job and these costs are recognised as contract assets. Upon completion of the job, revenue is recognised at a point in time (refer to note 27.3.1) and the related contract asset is expensed to cost of sales.

Impairment - service and repair work in progress
At the end of the reporting period, the group reviews the carrying amounts of its service and repair work in progress for recoverability. An impairment loss is recognised in cost of sales to the extent that the carrying amount of the contract asset exceeds the amount of consideration the group expects to receive from the customer less any costs the group expects to incur in order to fulfil its performance obligation to the customer.

	Notes	**2022 R000**	2021 R000
Interest-bearing receivables			
Instalment sale agreements (i)		**221 581**	185 241
Finance lease receivables (ii)		**8 249**	-
Other interest-bearing assets (iii)		**6 429**	18 116
Total interest-bearing receivables		**236 259**	203 357
Contract assets			
WesBank cash collateral (iv)		**6 801**	31 011
Less: allowance for expected credit losses	42.3	**-**	(5 824)
	42.3	**6 801**	25 187
Service and repair work in progress (v)		**32 369**	40 205
Total contract assets		**39 170**	65 392
Total interest-bearing receivables and contract assets		**275 429**	268 749
Less: current portion		**(231 242)**	(218 328)
Total long-term portion of interest-bearing receivables and contract assets		**44 187**	50 421

11. INTEREST-BEARING RECEIVABLES AND CONTRACT ASSETS *continued*

(i) Instalment sale agreements

Receivables from instalment sale agreements for the amount of R221,6 million (2021: R185,2 million) relate to equipment sold to customers under a credit arrangement where the contract provides a significant financing benefit to the customer. Refer to the group's accounting policy in note 27.1.6 for revenue recognition from instalment sale agreements. The amounts are repayable in instalments by:

	Average interest rate per annum	**2022 R000**	2021 R000
2022	10,4%	**-**	147 873
2023	12,5%	**183 193**	5 721
2024	12,6%	**32 446**	31 647
2025	13,3%	**5 942**	-
Total		**221 581**	185 241
Less: current portion		**(183 193)**	(147 873)
Long-term portion		**38 388**	37 368

The following details an analysis of these instalment sale receivables:

	Less than one year R000	**One to two years R000**	**Two to three years R000**	**Total R000**
2022				
Gross investment	**196 175**	**35 210**	**6 091**	**237 476**
Less: unearned finance income	**(12 982)**	**(2 764)**	**(149)**	**(15 895)**
Present value of minimum payments	**183 193**	**32 446**	**5 942**	**221 581**
2021				
Gross investment	157 853	40 128	-	197 981
Less: unearned finance income	(9 980)	(2 760)	-	(12 740)
Present value of minimum payments	147 873	37 368	-	185 241

The average credit period on the above instalment sale receivable balances is 3 to 36 months. The instalment sale agreements are largely secured by the financed equipment.

At 31 December 2022, an amount of approximately R88,2 million (2021: R51,4 million) included in instalment sale receivables was outstanding from a single customer in South Africa. No allowance for expected credit loss was raised against this receivable as management assessed that there is sufficient value in the financed machines to cover the outstanding debt.

Certain instalment sale receivables were discounted to a financial institution with recourse to the group (refer to note 38.5). The liability to the financial institution is disclosed in note 20.2.

(ii) Finance lease receivables

Finance lease receivables for the amount of R8,2 million relate to equipment sold to customers as part of a lease arrangement. Refer to note 27.5 for the group's accounting policy on revenue recognition from lease agreements. The amounts are repayable in instalments by:

	Average interest rate per annum	**2022 R000**	2021 R000
2023	11,5%	**8 249**	-
Less: current portion		**(8 249)**	-
Long-term portion		**-**	-

The carrying amount of interest-bearing receivables approximates their fair value because market related interest rates are charged on these agreements.

11. INTEREST-BEARING RECEIVABLES AND CONTRACT ASSETS *continued*

(iii) Other interest-bearing assets

	2022 R000	2021 R000
BBBEE shareholders loans	**3 887**	3 877
Other interest-bearing assets	**2 542**	14 239
	6 429	18 116
Less: current portion	**(2 542)**	(14 239)
Long-term portion	**3 887**	3 877

Refer to the BBBEE ownership transaction concluded in December 2019 described in note 19.2 and transactions and balances with related parties reflected in note 39.

Other interest-bearing assets includes a cash-backed bond of R2,5 million (2021: R7,1 million) in respect of which the cash is restricted. Refer to note 34.2.2.

(iv) WesBank cash collateral (refer to note 42.3)

WesBank cash collateral	**6 801**	25 187
Less: current portion	**(4 889)**	(16 011)
Long-term portion	**1 912**	9 176

The average interest rate for the year on the WesBank cash collateral was 5,1% (2021: 3,5%) per annum.

(v) Service and repair work in progress

Service and repair work in progress	**32 369**	40 205
Less: current portion	**(32 369)**	(40 205)
Long-term portion	**-**	-

Impairment losses recognised on contract assets relating to service and repair work in progress in the current period amounted to R2,3 million (2021: R2,7 million).

12. DEFERRED TAXATION

Accounting policy

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred taxation assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation 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 taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred taxation is also recognised in other comprehensive income or directly in equity.

The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

12. DEFERRED TAXATION *continued*

The deferred taxation analysed by major category of temporary difference and the reconciliation of the movement in the deferred taxation balance is as follows:

	Deferred taxation assets in group companies at beginning of the year R000	Deferred taxation liabilities in group companies at beginning of the year R000	Translation differences R000	Recognised in other comprehensive income for the year R000	Recognised in profit or loss for the year R000	Deferred taxation assets in group companies at end of the year R000	Deferred taxation liabilities in group companies at end of the year R000
2022 *							
Accruals	18 039	4 701	29	-	9 354	25 540	6 583
Capitalised engineering development expenditure	(64 803)	-	-	-	5 028	(59 775)	-
Contract liabilities	81 355	1 739	(6)	-	14 493	87 427	10 154
Discounted instalment sale agreements	-	-	-	-	26 789	26 789	-
Excess taxation allowances over depreciation charge	(10 352)	(26 500)	99	-	2 652	(16 847)	(17 254)
Finance lease receivables	(49)	-	-	-	49	-	-
Production incentives	(982)	(14 656)	-	-	(9 713)	(2 684)	(22 667)
Leases	19 028	4 075	44	-	2 982	21 515	4 614
Other allowances, including allowances for future expenditure on contracts	(18 349)	(932)	-	-	771	(18 300)	(210)
Other provisions	4 228	-	(1)	-	(1 591)	2 636	-
Prepayments	(1 945)	(596)	-	-	(1 075)	(2 398)	(1 218)
Allowance for expected credit losses	14 165	39	177	-	(2 233)	9 324	2 824
Provision for inventory obsolescence	11 218	-	172	-	949	12 339	-
Contract provision - warranty	32 037	8 388	149	-	17 189	46 366	11 397
Revaluation of properties	(16 067)	(47 952)	(926)	(13 223)	6 924	(9 948)	(61 296)
Refund liabilities	13 221	-	24	-	(2 977)	10 268	-
Taxable losses **	89 463	-	(99)	-	(83 943)	5 421	-
Unrealised foreign currency gains and losses	18 574	(1 398)	1 053	-	(8 228)	13 558	(3 557)
Unrealised profit in inventory	42 814	-	10	-	20 365	63 189	-
Totals	**231 595**	**(73 092)**	**725**	**(13 223)**	**(2 215)**	**214 420**	**(70 630)**
2021							
Accruals	10 444	1 728	59	-	10 509	18 039	4 701
Capitalised engineering development expenditure	(64 089)	-	-	-	(714)	(64 803)	-
Contract liabilities	86 095	10 046	12	-	(13 059)	81 355	1 739
Excess taxation allowances over depreciation charge	(21 238)	(27 997)	37	-	12 346	(10 352)	(26 500)
Finance lease receivables	16 317	-	13	-	(16 379)	(49)	-
Production incentives	-	(11 300)	-	-	(4 338)	(982)	(14 656)
Leases	14 794	5 021	-	-	3 288	19 028	4 075
Other allowances, including allowances for future expenditure on contracts	(13 088)	(2 212)	-	-	(3 981)	(18 349)	(932)
Other provisions	5 500	-	-	-	(1 272)	4 228	-
Prepayments	(2 894)	(588)	-	-	941	(1 945)	(596)
Allowance for expected credit losses	(6 864)	9 582	222	-	11 264	14 165	39
Provision for inventory obsolescence	5 628	-	330	-	5 260	11 218	-
Contract provision - warranty	37 851	-	75	-	2 499	32 037	8 388
Revaluation of properties	(11 445)	(47 950)	(1 243)	-	(3 381)	(16 067)	(47 952)
Refund liabilities	20 275	-	-	-	(7 054)	13 221	-
Taxable losses **	67 814	-	34	-	21 615	89 463	-
Unrealised foreign currency gains and losses	6 466	988	1 255	-	8 467	18 574	(1 398)
Unrealised profit in inventory	69 622	-	(49)	-	(26 759)	42 814	-
Totals	221 188	(62 682)	745	-	(748)	231 595	(73 092)

* The corporate tax rate for South African operations will change from 28% to 27% with effect from 1 January 2023. The deferred tax assets and liabilities of the South African operations have been computed at the tax rate of 27%. Refer to note 31 for further details on the adjustment for the tax rate change.

** Taxable losses include an amount of R5,4 million (2021: R87,2 million) relating to estimated tax losses in the group's subsidiary Bell Equipment Group Services Proprietary Limited (BEGS). BEGS has an accumulated tax loss of R20,1 million (2021: R311,3 million). Management is of the view that the deferred taxation asset raised on the taxable loss, which does not expire in the future, is recoverable. Based on management's forecasts BEGS is expected to utilise the remainder of its loss in 2023.

Further information on the group's estimated taxation losses is set out in note 31.1.

13. INVENTORY

Accounting policy

Inventory is stated at the lower of cost and net realisable value. Cost is generally determined on the following bases:

Merchandise spares, components and raw materials are valued on the weighted average cost basis. Finished goods purchased from third parties, manufactured finished goods, work-in-progress and components used in the manufacturing process are stated on a standard cost basis which approximates actual. Finished goods, work-in-progress and manufactured components include the cost of direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventory is identified and written down with regard to their estimated economic or realisable values. The determination of recoverable value of the inventory requires management to exercise considerable judgement and takes into account current market conditions, expected selling prices and model changes.

The group accounting policy for equipment that is rented out under short-term rentals classified as inventory is included in note 7.

	Notes	**2022 R000**	2021 R000
Finished goods			
- manufactured		**462 762**	367 447
- third party		**499 417**	273 026
- used		**277 953**	238 058
Merchandise spares, components and raw materials		**2 969 050**	2 310 659
Work-in-progress		**542 808**	417 590
WesBank right-of-recovery asset	42.3	**-**	17 672
Total inventory		**4 751 990**	3 624 452

Total inventory expensed, included in cost of sales, amounts to R7 536,9 million (2021: R5 969,8 million).

Inventory includes machines on short-term rental with a carrying value of R70,1 million (2021: R44,2 million). The group recognised R31,8 million (2021: R36,3 million) in cost of sales in respect of write-downs of machines on short-term rentals.

Inventory of R390,0 million (2021: nil) was pledged to financial institutions as collateral to secure an overdraft facility. Refer to note 38.2.

Refer to note 5.2.1 for impairment considerations of inventory.

14. TRADE AND OTHER RECEIVABLES

Accounting policy

Recognition
Trade and other receivables are non-derivative financial assets with fixed or determinable payments. Trade and other receivables are recognised at amortised cost, less allowance for expected credit losses. The group's business objective is to collect contractual cash flows from trade and other receivables. Cash flows that arise from trade and other receivables are solely payments of principal and interest. Trade and other receivables are classified as financial assets at amortised cost.

Impairment - trade receivables
In assessing the recoverability of trade receivable balances, the simplified approach was applied to the specific and general allowances as described below, as there is no significant financing component in the revenue transactions associated with these balances. Under the simplified approach the expected credit loss allowance is measured at an amount equal to lifetime expected credit losses. The impact of the time value of money on the allowance for expected credit losses was considered to be insignificant as the majority of trade receivable balances are current. Refer to note 38.3 for further analysis of the group's trade receivable balances.

The assessment of the allowance for expected credit losses on customer balances is dependent on estimates and assumptions regarding past dues, repossession rates and the recovery rate on underlying collateral. Assumptions are also made concerning the future, as described below, and these may cause a material adjustment to the carrying amounts of the assets within the next financial year. The group measures the allowance for expected credit losses as follows:

a) Specific allowance
The group reviews each customer balance to assess it for a specific allowance. In instances where customers have exceeded approved credit terms, where the customer is in default with no specific arrangement to rectify the position by entering into a repayment plan with the group, where the terms of a repayment plan have not been complied with and where there are other indicators that the customer is unlikely to pay, such as where a customer has gone into business rescue, the group assesses the financial condition of the customer and the value of the underlying securities. In its assessment, the group uses forward-looking information as well as macroeconomic information in the determination of expected credit losses.

In considering the customer's ability to pay, the group considers the customer's ability to use the asset to generate revenue and cash. Industry factors that could potentially impact the customer's ability to generate revenue and cash are also factored in. The following specific factors, inputs, assumptions, macroeconomic and forward-looking information were used to assess the recoverability of trade receivables:

- anticipated future revenue generating contracts
- anticipated funding arrangements the customer has with financial institutions or government
- the market sector the customer operates the equipment in
- the customer's experience on similar contracts
- the customer's cash flow projections. In considering the customer's cash flow projections, an analysis of the assumptions and values used by the customer in determining the cash flows is done. Industry factors that could potentially affect the customer's anticipated future cash flows are also considered
- other macroeconomic factors such as unemployment rates, potential labour strikes, political and community unrests with regards to the mining or construction sites where the equipment is used
- in respect of customers operating in the mining industry, the group considered commodity prices, the stability of mining operations and the consistency of production volumes at the mine site at which the customer operates
- security provided by the customer including personal guarantees and cessions of other unencumbered moveable assets owned by the customer
- past payment history

In determining the allowance for expected credit losses, the group also considered estimations of the value of any security, in the form of the financed equipment, the estimated costs of preparing the equipment for re-sale and the group's ability to repossess the equipment.

b) General allowance
For receivable balances where no specific allowance was raised, a collective assessment is made. Expected credit losses are calculated by fragmenting trade receivables into shared risk characteristics such as geographical area (by country), collateral type and transaction type (equipment versus parts and services), taking into account forward-looking information and applying a historical loss ratio to the outstanding balance per fragment at each period end. Determining the categories used in fragmentation that reflect the risks of default and loss, requires judgement.

Actual historical losses, which take any collateral into account, are tracked per fragment and the loss ratio is calculated as a percentage of fragmented revenue over a rolling 24 month period and is used to forecast future losses. Where significant, adjustments are made for current and forecast conditions such as unemployment rates and commodity prices.

14. TRADE AND OTHER RECEIVABLES *continued*

Accounting policy *continued*
Impairment - trade receivables *continued*
b) General allowance *continued*

The expected credit loss rates for the group's trade receivables are detailed below:

	South Africa	*Europe*	*Rest of Africa*
• equipment	< 1%	< 1%	< 1%
• parts and services	< 1%	< 1%	< 1%

There has been no change in the approach or techniques used by the group during the current reporting period in assessing the allowance for expected credit losses.

The group writes off any amounts where the likelihood of recovery is remote and where legal means of recovery has failed. Amounts written off by the group during the reporting period in this regard are disclosed in note 28.

The carrying amount of trade receivables is reduced by the allowance for expected credit losses. Subsequent recoveries of amounts previously provided for are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Impairment - production incentives receivable
The group participates in The Automotive Production Development Programme (APDP) in South Africa which allows the group to claim a government incentive in the form of production rebates on qualifying manufactured components which are sold as part of a completed product. The production rebates are in the form of duty credits which can be used to offset South African import duties. The group sells the production rebate certificates earned under the programme to third parties.

The receivable below represents the production rebate certificates the group has earned through qualifying production of components and which the group intends to sell to third parties. APDP claims are submitted quarterly in arrears and the payment terms to the third party for the sale of the certificates are 30 days on average and an invoice is considered past due if it remains unpaid after expiry of the payment terms.

The group assesses the impairment of the asset as follows:
- the group determines if there is a significant increase in credit risk since initial recognition. An indicator that the credit risk has increased significantly is when there are excess certificates available in the market and delays are experienced in finding buyers. Where credit risk has increased significantly since initial recognition the group assesses the asset for lifetime expected credit losses.
- in assessing the expected credit loss of the asset, the group takes into account forward looking factors such as future support from government for local manufacturing, the outlook on market demand for new vehicle sales in South Africa, the level of imports by motor vehicle manufacturers and potential changes to APDP legislation.
- where there is no significant increase in credit risk since initial recognition and the market demand for production rebate certificates is high, the group considers the probability of expected credit losses to be low and no impairment is made.

Derecognition
The group applies the same accounting policy and derecognition principles as described in note 11 under interest-bearing receivables, to trade and other receivables.

	2022 R000	2021 R000
Amounts receivable from the sale of goods and services *	**1 058 538**	884 987
Allowance for expected credit losses (refer note 38.3)	**(48 903)**	(47 283)
	1 009 635	837 704
Sundry debtors	**42 773**	46 863
APDP - production incentives receivable **	**93 890**	55 847
Value added taxation receivable	**131 796**	82 708
Total trade and other receivables	**1 278 094**	1 023 122

* Included above are reimbursement assets of R11,3 million (2021: R7,1 million). Refer to note 24.1.

** At the end of the year, the total allowance for expected credit losses was assessed to be Rnil (2021: Rnil). No amounts were past due and there has not been a significant increase in credit risk since initial recognition.

Trade receivables of R70,0 million (2021: Rnil) were pledged to financial institutions as collateral to secure an overdraft facility. Refer to note 38.2.

Further information regarding the group's credit risk management is set out in note 38.3.

15. OTHER ASSETS

Accounting policy

Prepayments
Prepayments include upfront payments made by the group in advance for goods or services being received and are carried at cost less any accumulated impairment losses. Prepayments are classified as current because they relate to the purchase of inventories and other goods and services and are expected to be realised within 12 months of the reporting date.

	2022 R000	2021 R000
Prepayments		
Prepayments - inventory	**173 354**	30 411
Prepayments - other	**39 723**	33 601
Financial assets carried at fair value through profit or loss		
Forward foreign exchange contracts (Level 2) *	**18 145**	14 546
	231 222	78 558

* Further details on the group's exposure to currency risk is disclosed in note 38.4.1.

16. CASH AND BANK BALANCES

Accounting policy

Cash and bank balances are recognised at amortised cost. The group's objective is to collect contractual cash flows relating to cash and bank balances. Any cash flows from cash and bank balances are solely payments of principal and interest.

Cash on hand and cash bank balances *	**228 600**	156 332

* The group's cash and bank balances include an amount of R40,2 million which forms part of the group's operation in Russia and which is not accessible by the group outside Russia due to sanctions.

17. STATED CAPITAL

Authorised		
100 000 000 (2021: 100 000 000) ordinary shares of no par value		
Issued		
95 629 385 (2021: 95 629 385) ordinary shares of no par value	**235 541**	235 541

18. NON-DISTRIBUTABLE RESERVES

	Net surplus arising from revaluation of freehold land and buildings (a) R000	Statutory reserves of foreign subsidiaries (b) R000	Reserve for fair value gains (losses) on equity investments (c) R000	Foreign currency translation reserve of foreign subsidiaries (d) R000	BBBEE share-based payment reserve (e) R000	Equity-settled employee benefits reserve (f) R000	Total R000
Balance at 31 December 2020	132 295	28 805	27 316	606 651	88 115	8 173	891 355
Other comprehensive income (loss)	-	524	(120)	39 624	-	-	40 028
- exchange differences on translating foreign operations	-	524	(120)	39 624	-	-	40 028
Decrease in equity-settled employee benefits reserve	-	-	-	-	-	(4 581)	(4 581)
Decrease in statutory reserves of foreign subsidiaries	-	(9 979)	-	-	-	-	(9 979)
Fair value gain through other comprehensive income	-	-	23 850	-	-	-	23 850
Balance at 31 December 2021	132 295	19 350	51 046	646 275	88 115	3 592	940 673
Other comprehensive income	**44 828**	**75**	**943**	**24 641**	**-**	**-**	**70 487**
- exchange differences on translating foreign operations	**-**	**75**	**943**	**29 990**	**-**	**-**	**31 008**
- reclassification to profit or loss of foreign currency translation reserve relating to deregistered operations	**-**	**-**	**-**	**(5 349)**	**-**	**-**	**(5 349)**
- surplus on revaluation of properties	**58 051**	**-**	**-**	**-**	**-**	**-**	**58 051**
- deferred taxation on surplus on revaluation of properties	**(13 223)**	**-**	**-**	**-**	**-**	**-**	**(13 223)**
Decrease in equity-settled employee benefits reserve	**-**	**-**	**-**	**-**	**-**	**(3 592)**	**(3 592)**
Decrease in statutory reserves of foreign subsidiaries	**-**	**(525)**	**-**	**-**	**-**	**-**	**(525)**
Net fair value gain through other comprehensive income	**-**	**-**	**2 969**	**-**	**-**	**-**	**2 969**
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	**-**	**-**	**(1 528)**	**-**	**-**	**-**	**(1 528)**
Balance at 31 December 2022	**177 123**	**18 900**	**53 430**	**670 916**	**88 115**	**-**	**1 008 484**

(a) This reserve is in respect of gains and losses that arise from the revaluations of freehold land and buildings and that have not been previously recognised in profit or loss as described in the group's accounting policy for property, plant and equipment (refer to note 7). Upon disposal of a revalued property, the related net revaluation surplus in this reserve is not reclassified to profit or loss but is transferred directly to retained earnings.

(b) Certain foreign subsidiaries are required in terms of local legislation to set aside a portion of their retained earnings in a non-distributable reserve. This has been presented as statutory reserves above.

(c) The balance in this reserve relates to gains and losses that arise from changes in the fair value of investments designated as at fair value through other comprehensive income. Refer to note 10. Upon disposal of the investment, the related balance in the reserve is not reclassified to profit or loss but is transferred directly to retained earnings.

(d) Exchange differences that arise as a result of translating the results and financial position of group entities that have a functional currency different from the presentation currency, are accumulated in this reserve. Refer to the group's accounting policy as described in note 2.2.1. Upon the disposal or discontinuation of the foreign operation, the relevant amounts are reclassified to profit or loss through other comprehensive income.

(e) The group has entered into BBBEE ownership transactions for BESSA and BECSA as described in note 19. The reserve represents the BBBEE shareholders' loans issued and the fair value of the share-based payment charges recognised in respect of these transactions as required by *IFRS 2 Share-based Payments*.

(f) The fair value of equity instruments granted to employees is recognised in equity as required by *IFRS 2 Share-based Payments*. Other than for (e) above, there were no equity-settled employee share options outstanding at the end of the year. See note 33.1.

19. NON-CONTROLLING INTEREST

	2022 R000	2021 R000
Non-controlling interest at end of the year	**44 866**	24 062

The non-controlling interest comprised the 22,5% interest of the BESSA BEE SPV in BESSA. This relates to the BBBEE ownership transaction concluded in 2017 as described in note 19.1. Summarised financial information about BESSA is disclosed in note 41.2.

19.1 BBBEE ownership transaction concluded in 2017 - BESSA

The BESSA BEE SPV and a broad based trust controlled by the group, acquired 22,5% and 7,5% respectively of the issued share capital of BESSA during 2017.

19.1.1 The BESSA BEE SPV

The BESSA BEE SPV is 100% owned by the selected BBBEE partner through a company named Sibi Capital Proprietary Limited (Sibi). Sibi, whose ultimate shareholders are Sindisiwe Mabaso-Koyana and Bharti Harie, is 100% black women owned.

There is a lock-in period of 10 years during which the BESSA BEE SPV is precluded from carrying out certain activities without the prior written consent of the company. The BESSA BEE SPV may not during the lock-in period effect any transaction that will affect its shareholding in BESSA or its BBBEE credentials through Sibi. Sibi is required to remain a black women owned entity and to maintain its BBBEE status at all times whilst a shareholder of the BESSA BEE SPV.

At the end of the 10 year period, the BESSA BEE SPV may sell its shares subject to pre-emptive rights in favour of the company. If the company does not elect to acquire such shares, the BESSA BEE SPV may transfer such shares to eligible third parties who have an equal or greater BBBEE status. The company also has a call option to acquire the BBBEE shareholders' shares in BESSA after 5 years or at any time if:

- the BBBEE legislation is amended with a retrospective adverse effect for the group;
- BESSA loses its BBBEE status as a 30% black women owned entity;
- an offer is made by a third party to acquire at least 30% of the shares in the company held by a single shareholder and its related parties.

The amount payable for the shares shall be the designated value as per the agreement less a 10% discount.

The group has control over the BESSA BEE SPV in terms of its relevant activities and the results of the BESSA BEE SPV have therefore been consolidated (refer to note 41).

19.1.2 The broad based trust

The broad based trust is known as the Bell Equipment Foundation (BEF) and the beneficiaries of the trust are black women. The objectives of the trust are to acquire and hold investments and use trust income to support black women in South African communities by financially assisting them with their education or their businesses. The group has control over the trust in terms of its relevant activities and trustees and the results of the trust have therefore been consolidated (refer to note 41).

19.2 BBBEE ownership transaction concluded in December 2019 - BECSA and BESSA

In December 2019 another BBBEE transaction was concluded in terms of which the group's manufacturing subsidiary, BECSA, and the group's sales and aftermarket support operation in South Africa, BESSA, both became 51% black people owned companies with effect from 1 January 2020.

The BEE shareholders in this BEE transaction are the following:

- key black executives in the group; and
- the existing BESSA BEE shareholders, BESSA BEE SPV (refer to note 19.1.1), as well as BEF the beneficiaries of which are black women (refer to note 19.1.2).

No non-controlling interest was recognised in respect of the BBBEE ownership transaction concluded in 2019 due to the fact that the BBBEE parties are required to sell their shareholding to the company at the end of the 10 year lock-in period in exchange for cash, shares in the company or another group entity or a combination of shares and cash, at the company's discretion. The BBBEE parties were effectively granted an option to acquire Bell shares and as such no non-controlling interest was recognised.

19.2.1 Structure of BEE shareholding

A BEE management company (BEE Manco) was incorporated, the shareholders of which are BEE employees at management level of the group, being Avishkar Goordeen, Dominic Chinnappen, Sheetal Maharaj, Ryan Britain, Niraj Andhee and Bruce Ndlela (the Managers). The group has control over BEE Manco in terms of its relevant activities and the results of BEE Manco have therefore been consolidated (refer to note 41).

Effective 51% black ownership in BECSA

BESSA BEE SPV, BEF and BEE Manco collectively hold 30% of the issued ordinary shares of BECSA Holdings, resulting in an effective 30% shareholding in BECSA. In addition, BEE Manco has an effective 21% shareholding in BECSA through its 30% shareholding in BHL.

Effective 51% black ownership in BESSA

BEE Manco has an effective 21% shareholding in BESSA through its 30% shareholding in BHL. In addition, BESSA BEE SPV and BEF collectively hold 30% of the issued ordinary shares in BESSA from the 2017 BEE transaction.

20. INTEREST-BEARING LIABILITIES

Accounting policy

Interest-bearing liabilities are measured at amortised cost, using the effective interest rate method. Interest expenses are recognised in profit or loss.

Derecognition
The group derecognises interest-bearing liabilities when the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

20.1 Mortgage loans and other term loans

Mortgage loans and other term loans relating to the purchase of certain freehold land and buildings, plant and equipment and vehicles are detailed below.

Secured	Average variable / fixed rate of interest per annum	2022 R000	2021 R000
Long-term mortgage loans and other term loans from financial institutions repayable in instalments by:			
August 2022 (i)	7,6%	-	1 165
December 2023 (ii)	8,1%	3 405	6 541
August 2024 (i) *	1,7%	14 538	23 140
May 2028 (i) *	2,8%	-	1 113
May 2027 (i)	10,0%	2 564	-
August 2027 (i)	10,0%	5 544	-
September 2031 (iii) *	1,7%	31 650	35 083
November 2032 (iv) *	1,8%	34 633	37 926
August 2033 (v) *	1,7%	91 553	99 113
		183 887	204 081
Less: current portion		(28 799)	(28 243)
Long-term portion		155 088	175 838

* Fixed rate of interest.

The following properties, plant and equipment and vehicles at net book value are encumbered as security for the secured borrowings above:
(i) plant and equipment and vehicles in Germany, South Africa, Australia and the USA R40,3 million (2021: R38,9 million)
(ii) freehold land and buildings in Middelburg, South Africa R40,2 million (2021: R38,4 million)
(iii) freehold land and buildings in Alsfeld, Germany R77,5 million (2021: R79,5 million)
(iv) freehold land and buildings in Kindel, Germany R62,8 million (2021: R64,2 million)
(v) buildings in Kindel, Germany R152,0 million (2021: R155,3 million)

20.2 Collateralised borrowings

Accounting policy

Discounted instalment sale agreements
Discounted instalment sale agreements represent amounts payable to financial institutions where certain instalment sale agreements have been discounted with recourse to the group. Refer to note 11.

Collateralised borrowings - secured	Average variable rate of interest per annum	2022 R000	2021 R000
Discounted instalment sale agreements	10,3%	87 308	841
Rental assets sold and leased back *	10,3%	26 792	-
		114 100	841
Less: current portion		(76 119)	(841)
Long-term portion		37 981	-

* The net book value of rental assets subject to sale and leaseback borrowings amounted to R18,2 million (2021: Rnil) and was included in property, plant and equipment as disclosed in note 7.

The following terms and conditions generally apply to the collateralised borrowings above:
- the interest rate charged by the financial institution approximates the interest rate implicit in the underlying agreement with the customer
- the repayment period is usually matched with the period in the underlying contract with the customer
- security in the underlying asset is provided to the financial institution as well as a guarantee from the company.

20. INTEREST-BEARING LIABILITIES *continued*

20.3 Trade loans

Trade loans comprise the following:

Unsecured	Average variable rate of interest per annum	2022 R000	2021 R000
Industrial Development Corporation (IDC) of South Africa *	10,3%	**547 136**	173 722
Less: current portion		**(547 136)**	(173 722)
Long-term portion		**-**	-
Total current portion of interest-bearing liabilities		**652 054**	202 806
Total long-term portion of interest-bearing liabilities		**193 069**	175 838

* Refer to note 38.2 for further information on the IDC trade loan.

The directors have unlimited borrowing powers in terms of the Memorandum of Incorporation of the company.

21. LEASE LIABILITIES

Accounting policy

The group as lessee
Lease liabilities relate to lease arrangements in which the group is the lessee. Refer to note 8 for the corresponding right-of-use assets in respect of these liabilities.

The lease liability is initially measured at the present value of the lease payments over the lease term due to the lessor that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The group generally uses its incremental borrowing rate as discount rate.

Subsequent to initial measurement, the lease liability is reduced to reflect lease payments made.

Lease payments
Lease payments included in the measurement of the lease liability comprise of fixed payments and variable lease payments based on an index or rate. Lease payments are allocated between principal and interest expense. The interest expense 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.

Lease term
The lease term included in the measurement of the lease liability is the non-cancellable period of the lease and any option to extend the lease or purchase the asset and any option to terminate the lease. This requires judgement. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option. Renewal options are only included in the lease term if the group has an enforceable right to renew the contract, the renewal period and renewal lease payments are stipulated in the contract and the group has the intention to exercise the option. At the lease commencement date, the group applies judgement in assessing whether it is reasonably likely that the group will exercise the option. Factors considered include how far in the future an option occurs, the group's planning cycle and past history of not renewing leases.

Leases that are short-term in nature or leases where the assets are of low value are accounted for as lease expenses in profit or loss on a straight-line basis. The group applies judgement in determining what comprises a low value lease taking into consideration the cost price of the underlying assets and materiality.

Incremental borrowing rate
The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. In determining the incremental borrowing rate, the group considers the terms and conditions of the lease and applies judgement. The incremental borrowing rate is determined by using a benchmark rate, which is a readily observable rate influenced by the economic environment and lease term, adjusted for a credit spread which is based on publicly available spreads which takes into account the level of indebtedness and profitability of the lessee based on secure borrowings. The benchmark rate, using the Damodaran approach, is the risk-free rate.

21. LEASE LIABILITIES *continued*

	2022 R000	2021 R000
Lease liabilities at beginning of the year	**309 531**	332 2
Translation differences	**(538)**	5 279
Lease modifications and new lease contracts entered into *	**182 012**	24 234
Lease contracts ended	**(6 036)**	(672)
Interest expense on lease liabilities	**37 180**	37 034
Lease liabilities repaid	**(82 922)**	(88 560)
	439 227	309 531
Less: current portion	**(50 284)**	(42 800)
Long-term portion	**388 943**	266 731

* New lease contracts entered into in the current year include a 7 year property lease for commercial space relating to the group's manufacturing and assembly facility in Kindel, Germany, for an amount of R90,2 million, and a 10 year lease for commercial space relating to the group's manufacturing, sales and logistics operation in Richards Bay, for an amount of R46,1 million. Refer to note 8.

The breakdown of lease payments is as follows:		
Fixed lease payments	**76 052**	81 296
Variable lease payments	**6 870**	7 264
Total	**82 922**	88 560

Total cash outflows for leases amount to R115,2 million (2021: R107,2 million) for the year.

Below sets out the undiscounted contractual maturities of lease liabilities:		
Less than 1 year	**95 158**	72 993
Between 1 and 2 years	**88 386**	59 345
Between 2 and 3 years	**83 134**	56 934
Between 3 and 4 years	**78 364**	51 793
Between 4 and 5 years	**67 518**	48 563
Over 5 years	**256 732**	218 516
Total contractual cash flows	**669 292**	508 144
Less: unaccrued interest	**(230 065)**	(198 613)
	439 227	309 531
Analysed as follows:		
Non-current	**388 943**	266 731
Current	**50 284**	42 800
	439 227	309 531

The group does not face a significant liquidity risk with regards to its lease liabilities.

22. CONTRACT LIABILITIES

Accounting policy

Contract liabilities arise out of revenue contracts with customers. The group accounting policy for revenue and contract liabilities is included in notes 27.1.2, 27.3.1 and 27.4.

22.1 Advance receipts from customers	2022 R000	2021 R000
Balance at beginning of the year	**68 847**	52 041
Translation difference	**4 586**	428
Amounts received in advance for delivery of finished goods	**460 702**	135 260
Revenue recognised during the year	**(397 232)**	(118 882)
Amounts repaid to customers for cancelled contracts	**(13 601)**	-
	123 302	68 847
Less: current portion	**(123 302)**	(68 847)
Long-term portion	**-**	-

An amount of R54,5 million (2021: R52,0 million) included in the opening balance was recognised as revenue in the current period.

22.2 Deferred warranty income	2022 R000	2021 R000
Balance at beginning of the year	**149 435**	141 539
Extended warranty contracts sold during the year	**112 346**	77 284
Revenue recognised during the year	**(89 283)**	(69 388)
	172 498	149 435
Less: current portion	**(108 080)**	(90 274)
Long-term portion	**64 418**	59 161

Deferred warranty income relates to extended warranty contracts sold. The extended warranty contract periods commence after expiry of the standard warranty period provided for in the standard conditions of sale of equipment and the liability is in respect of this extended period. Revenue on the long-term portion is expected to be recognised over a period of two to five years. An amount of R65,4 million (2021: R62,3 million) included in the opening balance was recognised as revenue in the current period.

22.3 Deferred service contract revenue	2022 R000	2021 R000
Balance at beginning of the year	**62 086**	81 701
Translation difference	**(507)**	371
Service contracts sold during the year	**80 503**	65 205
Costs in excess of contract value	**2 249**	2 664
Expired / forfeited during the year	**(19 780)**	(25 214)
Utilised during the year	**(59 862)**	(62 641)
	64 689	62 086
Less: current portion	**(44 214)**	(48 727)
Long-term portion	**20 475**	13 359

Deferred service contract income relates to service contracts sold where the proceeds were received upfront. The deferred service contract revenue is recognised when the services have been rendered. Revenue on the long-term portion is expected to be recognised over a period of two to four years.

22. CONTRACT LIABILITIES *continued*

22.4 **Deferred finance income liability**	**2022 R000**	2021 R000
Balance at beginning of the year	**61 821**	60 109
Deferred finance income from:		
- Extended warranty contracts sold	**39 311**	30 373
- Service contracts sold	**9 596**	5 577
Less: deferred finance income recognised in interest income		
- Extended warranty contracts	**(25 360)**	(24 622)
- Service contracts	**(9 804)**	(9 616)
	75 564	61 821
Less: current portion	**(44 298)**	(35 984)
Long-term portion	**31 266**	25 837

The deferred finance income liability relates to the finance component on extended warranty contracts and service contracts sold (notes 22.2 and 22.3 above) with contract terms exceeding 12 months. The average discount rate applied to extended warranty contracts was 10,0% (2021: 10,5%) and 10,0% (2021: 10,0%) on service contracts.

Total current portion of contract liabilities	**319 894**	243 832
Total long-term portion of contract liabilities	**116 159**	98 357

23. REFUND LIABILITIES

23.1 Transactions with residual value undertakings

Accounting policy

Transactions with residual value undertakings are in respect of revenue transactions as described in the group's accounting policy for revenue in note 27.1.5. The group has an obligation to pay cash in terms of its contract with the financial institution.

Refund liabilities relating to residual value risk - De Lage Landen International	**2022 R000**	2021 R000
Balance at beginning of the year	**23 715**	72 411
Decrease during the year	**(17 171)**	(35 625)
Payments made during the year	**-**	(17 479)
Translation difference	**1 594**	4 408
	8 138	23 715
Less: current portion	**(3 781)**	(11 729)
Long-term portion	**4 357**	11 986

In terms of an agreement between the group and a financial institution, De Lage Landen International, lease agreements with guaranteed residual values have been offered by the financial institution to the group's customers in certain countries. The liability represents the difference between the market values expected to be realised on the return of the machines at the end of the lease periods and the residual values guaranteed to the financial institution. This liability is carried at amortised cost and the decrease in the current year has been credited to revenue.

Management has exercised judgement in assessing these expected market values, the expected timing of the return of machines and the rate of 6,8% (2021: 4,4%) per annum used to discount the expected future cash outflows to settle the obligation. The estimated market values were based on sales of similar machines in the US market and the expected timing was based on the lease agreement expiry dates and the group's remarketing period. The discount rate of 6,8% (2021: 4,4%) was based on the USD LIBOR yield curve and a credit spread.

23.2 Refund liabilities relating to right-to-return parts

Right-to-return liability	**30 368**	22 493
Less: current portion	**(30 368)**	(22 493)
Long-term portion	**-**	-

23.3 Refund liabilities relating to the financing venture with WesBank

WesBank refund liability (refer to note 42.3)	**-**	17 471
Less: current portion	**-**	(17 471)
Long-term portion	**-**	-
Total current portion of refund liabilities	**34 149**	51 693
Total long-term portion of refund liabilities	**4 357**	11 986

24. PROVISIONS

Accounting policy

Contract provision - standard warranty
The contract provision for standard warranty includes provisions for manufactured equipment and third party equipment and represents the discounted value of the directors' best estimate of the expenditure required to settle the group's obligations. Assumptions made regarding the timing and value of future warranty costs may have a significant risk of causing a material adjustment to the carrying amount of the provision within the next financial year.

24.1 ***Manufactured equipment***
As part of the standard conditions of sale, the group provides a standard warranty on manufactured equipment sold to the customer. In terms of the warranty policy the group undertakes to make good any defects for an average period of 12 months. At the time of the sale, the group raises a provision for the estimated expenditure required to settle the group's obligation based on past experience of the timing and value of this cost, which in certain circumstances extends beyond the 12 month period contained in the group's standard warranty policy. The group also raises a provision for warranty campaigns, at the time that a decision is made to launch a warranty campaign, based on the number of machines to be included in the campaign and the estimated expenditure required to be spent on each machine to rectify the particular defect.

The group has the right to recover certain warranty costs incurred on manufactured equipment from the group's component suppliers. The group recognises the reimbursement asset only when it is virtually certain that reimbursement will be received from the component supplier. In the group's judgement, the group's right to reimbursement is assessed as virtually certain when the group receives a valid warranty claim against the standard warranty policy from a customer and this is recognised as a financial asset under trade and other receivables. The amount included under trade and other receivables as at 31 December 2022 amounts to R11,3 million (2021: R7,1 million) as disclosed in note 14. Prior to the receipt of claims from customers, no reimbursement asset is recognised on the statement of financial position and the group only has a contingent asset which has been disclosed in note 34.1.1.

Based on the group's judgement, the obligation for warranty costs on manufactured equipment remains with the group and as a result, the provision for standard warranty costs on manufactured equipment has been recognised on a gross basis, without a reduction in the provision for the amounts expected to be recovered from third-party component suppliers as described above.

24.2 ***Third-party equipment***
Third-party equipment sold to customers includes a standard warranty from third-party suppliers and in terms of the agreements with these suppliers, the group is obligated to carry out warranty campaigns from time to time and to perform warranty repairs and warranty services to customers on behalf of the suppliers. Warranty costs incurred on third-party equipment is submitted to third-party suppliers for reimbursement. A portion of these costs is sometimes rejected by the suppliers and this rejected portion is carried by the group.

Significant judgement is applied in assessing the group's obligation in terms of these warranty claims. Based on an assessment of the legal arrangements the group has with third-party equipment suppliers, the group concludes that it only acts as an agent on behalf of certain suppliers but in some cases it acts as principal.

	Contract provision - standard warranty R000	Other provisions R000	Total R000
Balance at 31 December 2020	139 542	890	140 432
Increase (decrease) during the year	141 318	(890)	140 428
Utilised during the year	(125 723)	-	(125 723)
Translation differences	1 359	-	1 359
Balance at 31 December 2021	156 496	-	156 496
Less: current portion	(111 113)	-	(111 113)
Long-term provisions at 31 December 2021	45 383	-	45 383
Balance at 31 December 2021	**156 496**	**-**	**156 496**
Increase during the year	**231 694**	**-**	**231 694**
Utilised during the year	**(166 031)**	**-**	**(166 031)**
Translation differences	**(1 423)**	**-**	**(1 423)**
Balance at 31 December 2022	**220 736**	**-**	**220 736**
Less: current portion	**(142 482)**	**-**	**(142 482)**
Long-term provisions at 31 December 2022	**78 254**	**-**	**78 254**

25. OTHER LIABILITIES

Accounting policy

Cash-settled employee share-based payments
Refer to note 33.2 for the accounting treatment of the cash-settled share-based payment liability.

	Notes	2022 R000	2021 R000
Other liabilities			
Cash-settled employee share-based payments	33.2.2	**28 231**	10 031
Financial liabilities carried at fair value through profit or loss			
Forward foreign exchange contracts (Level 2) *		**1 722**	8 076
		29 953	18 107
Less: current portion		**(10 683)**	(8 076)
Long-term portion		**19 270**	10 031

* Further details on the group's exposure to currency risk is disclosed in note 38.4.1.

26. TRADE AND OTHER PAYABLES

Accounting policy

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 financial liabilities at amortised cost and are measured at amortised cost.

	2022 R000	2021 R000
Trade creditors	**1 287 545**	952 191
Audit fees	**13 416**	10 167
Credit balances in trade and other receivables	**24 463**	19 547
Leave pay and other payroll accruals *	**148 216**	137 052
Other accruals **	**35 678**	21 129
Other payables	**25 652**	30 224
Value added taxation payable	**92 033**	44 963
Total trade and other payables	**1 627 003**	1 215 273

* Includes an incentive accrual for certain task level staff members.

** Includes accruals for additional costs on finished goods incurred in the normal course of business.

27. REVENUE

Accounting policy

The group recognises revenue in a way that depicts the transfer of goods and services promised to customers in an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods and services. The group recognises revenue when it has satisfied its performance obligation in terms of the contract with the customer and when it transfers control of the product or service to the customer.

The total transaction price, excluding sales taxation and net of any customer rebates, trade discounts and other similar allowances, are proportionately allocated to each performance obligation (good or service) promised in the contract, based on the stand-alone price of each good or service. Other than instalment sale agreements, extended warranties and long-term service contracts, the transaction price was not adjusted for the effects of the time value of money in transactions where the period between delivery of the promised goods or services and the payment from the customer is one year or less.

The group recognises revenue from the following major sources:
- sale of equipment (manufactured, third party, used), including standard warranties
- sale of parts
- service contracts and transport revenue
- extended warranty
- rental revenue

27.1 Sale of equipment (manufactured, third party, used), including standard warranties

27.1.1 *Sale of equipment*

Upon delivery of a machine, judgements are made in assessing whether control of the machine has transferred to the customer. In assessing this, the group considers whether it has obtained the right to receive payment, the customer's acceptance of the asset, whether physical possession of the machine has transferred to the customer, whether significant risks and rewards of ownership have transferred to the customer taking into account shipping terms and the customer's ability to direct the use of the asset or obtain benefits from it.

In bill-and-hold arrangements the group has invoiced the customer for the promised machines, but physical possession has been retained by the group. The group applies judgement in assessing whether control of the machine has passed to the customer. In its assessment, the group considers the reason for the arrangement. These arrangements are usually at request from the customer and arise where delivery of the machine is not practical, or the customer's site where the equipment is going to be used is not ready. The group also considers if significant risks and rewards of ownership have passed to the customer and assesses whether it has retained the ability to direct the use of the equipment to another customer, if the equipment is ready for physical transfer and if the customer has accepted the asset. Revenue is recognised where the group concludes that the reason for the arrangement is substantive and that the customer has assumed control.

In certain instances the group enters into sales contracts where a combination of finished goods and services are promised to the customer such as manufactured and third party equipment together with extended warranties and/or service contracts. The group also often agrees to arrange shipment of the equipment and recovers these freight costs from the customer. In these instances the group applies judgement and uses approved price listings to allocate the total transaction price proportionately to each performance obligation (good or service) promised in the contract, based on the stand-alone price of each good or service.

Standard warranties on the equipment are not separately sold by the group in its ordinary course of business and are not separately priced. The group accounts for these in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. Refer to note 24.

27.1.2 *Advance payments from customers for finished goods*

Payments received from customers in advance of the transfer of control of the finished goods to the customer are recognised as contract liabilities until control has transferred and the revenue is recognised. Refer to note 22.1.

27.1.3 *Transactions with trade-ins*

Where the group agrees to trade in used equipment from a customer as part of the consideration receivable for the sale of new equipment, the difference between the fair value of the used equipment traded in and the agreed upon price of such trade-in, is accounted for as an adjustment to revenue. The group uses judgement in determining the fair value of the used equipment and consideration is given to the age and condition of the equipment and residual values achieved in the market for similar products.

27.1.4 *Transactions with credit risk undertakings*

Refer to note 42 for the accounting treatment of these transactions.

27. REVENUE *continued*

Accounting policy *continued*

27.1 Sale of equipment (manufactured, third party, used), including standard warranties *continued*

27.1.5 *Transactions with residual value undertakings*

Where the group has guaranteed the residual value of finished goods sold to financial institutions or customers, the group assesses the probable outcome of the residual value commitment at inception and each reporting period. Revenue was recognised upfront on the transaction where control over the goods has passed to the customer and the group has satisfied its performance obligation in terms of its contract with the customer.

Judgement is used in assessing the residual value risk in determining the transaction price of the equipment. The residual value is the risk that the market value realised for these products is less than what was expected when the contracts were entered into. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account anticipated market conditions, product development, environmental regulations, competitor actions, projected disposal values and any other factors that may have a potential impact on the residual value. Where a shortfall between the assessed market value of the equipment and the residual value guaranteed by the group is anticipated, the group recognises a refund liability to this extent in the statement of financial position with a corresponding adjustment to the transaction price and revenue. Refer to note 23.1 for the group's recognised liabilities in respect of residual value guarantees which represent the discounted value of the group's liability. The group reassesses the market value of the underlying equipment and determines the probable outcome of the residual value guarantee at each reporting period.

27.1.6 *Instalment sale agreements*

Where goods are sold and the contract provides a significant financing benefit to the customer, the group adjusts the transaction price for the financing component. The interest rates used to adjust the transaction price are customer specific and based on market related lending rates. The rates range between 9,0% and 13,0%. Revenue is recognised when control over the goods is transferred to the customer. A receivable is recognised on the statement of financial position at an amount that depicts the group's net investment in the contract (refer to note 11).

27.2 Sale of parts

Control is generally considered to be transferred where the group has obtained the right to receive payment, physical possession of the parts has transferred to the customer, significant risks and rewards of ownership has transferred to the customer and the customer has accepted the parts.

27.3 Service contracts and transport revenue

27.3.1 *Service contracts*

Service contract revenue arises from transactions with customers where the group is obligated to service a customer's equipment over the contract period, at specified service intervals or as and when required by the customer. Each service period is by nature short-term and in the group's judgement upon completion of the service the customer receives the benefits of the service provided. It is also at this point that the group's right to receive payment is established and on this basis revenue is recognised at a point in time.

Where the group services a customer's equipment, job cards are maintained for each service keeping track of labour, parts and other costs incurred by the group on a particular job. Contract assets relating to service work-in-progress is presented in note 11.

The group often supplies the service parts as part of the agreement. In these instances, the total transaction price is proportionately allocated to each performance obligation in the contract, using stand-alone prices for each.

Where service contracts are sold to customers and the proceeds are received upfront, a contract liability is recognised in the statement of financial position. Refer to note 22.3. Where the service contract term is more than 12 months, the transaction price is adjusted for the effects of the time value of money where this is significant. This requires judgement. The contract is discounted using a discount rate based on the specific group operation's average borrowing rate which is considered an appropriate basis. The discount rate used approximates 10,0% (2021: 10,0%). The contract liability is recognised at inception based on the discounted amount. Revenue is released each time a service has been rendered, based on the expected gross margin. In estimating the expected gross margin, assumptions are made on the total expected costs to be incurred under the contract, using historical data where available. The remaining contract balance is periodically reviewed and revenue is recognised where the customer has forfeited services based on management's assessment. This requires judgement. A customer may elect to enter into a new contract to extend the service period after the expiry of the initial service term.

27. REVENUE *continued*

Accounting policy *continued*

27.3 Service contracts and transport revenue *continued*

27.3.2 Transport services

In many instances where machines and parts are sold to customers, the group agrees to deliver the goods to the customer at an agreed price. The group has discretion to accept or reject a request for transport services and to set pricing. Where the group accepts a request for transport services it assumes the responsibility to fulfil such promise to its customer. The group uses another party to deliver the goods and has the ability to direct that party to provide the service to the customer on the group's behalf. Based on this, in the group's judgement, the group considers that it acts as a principal in these transactions and therefore revenue from transport services is recorded on a gross basis with the related costs in cost of sales.

27.4 *Sale of extended warranties*

Extended warranty contracts are separately priced and sold by the group to customers. These contracts are accounted for as separate performance obligations and the total transaction price is allocated proportionately based on stand-alone prices where the sale of these contracts is combined with the sale of finished goods and/or other services. The consideration on these contracts is received upfront. The transaction price is adjusted for the effects of the time value of money using an appropriate discount rate where the contract terms are greater than 12 months and where the financing component is material. This requires judgement. The discount rate used in these transactions approximates 10,0% (2021: 10,5%) and is based on the specific group operation's average borrowing rate which is considered an appropriate basis. A deferred income liability is recognised at inception based on the discounted amount. Refer to note 22.2. The group releases the revenue on these contracts on a straight-line basis over the term of the contract as this, in the group's judgement, depicts the customer's right to access this service.

27.5 Rental revenue

The group as lessor

Where the group enters into a lease arrangement, the group uses the guidance in *IFRS 16 Leases* with regard to classification of a lease as either a finance lease or an operating lease. This requires judgement. The group considers if significant risks and rewards of ownership have transferred to the buyer and significant assumptions are made in assessing this.

In assessing the transfer of risks and rewards associated with ownership, the group considers the probability of return of the equipment by the customer. Consideration is given to the terms of the agreement and other relevant factors that will impact returns such as customer behaviour, product type, past practice and history of returns, current and anticipated market conditions and whether the present value of the minimum lease payments amounts to substantially all of the fair value of the equipment. Where the group concludes that significant risks and rewards of ownership have transferred to the buyer, the lease is classified as a finance lease and the sale of goods is recognised as revenue. Where the lease is classified as an operating lease rental revenue is recognised. Rental revenue from operating leases is recognised over time based on the hours utilised on the machine as this, in the group's judgement, depicts the transfer of benefits to the customer.

In instances where the rental income streams from operating leases have been discounted to financial institutions with recourse to the group, the group recognises a liability on the statement of financial position. Refer to note 20.2.

Refer to note 36 for the disclosure of operating lease arrangements.

27. REVENUE *continued*

Disaggregation of revenue

The group derives its revenue from the sale of equipment and aftermarket products, which includes the sale of parts, service contracts and transport revenue, extended warranty and rental revenue.

This is consistent with the external revenue information that is disclosed for each reportable segment under IFRS 8 (refer to note 6) and the information that is provided to the group's chief operating decision maker on a regular basis.

	MANUFACTURING, ASSEMBLY, LOGISTICS AND DEALER SALES OPERATIONS		DIRECT SALES OPERATIONS		
	South Africa R000	Europe R000	South Africa R000	Rest of Africa R000	Total Revenue R000
2022					
Revenue					
Sale of equipment *	**1 222 727**	**3 416 403**	**2 591 470**	**351 437**	**7 582 037**
Sale of parts	**608 194**	**266 538**	**963 815**	**195 768**	**2 034 315**
Service contracts and transport revenue	**115 872**	**47 639**	**261 589**	**29 169**	**454 269**
Extended warranty	**89 283**	**2 847**	**-**	**-**	**92 130**
Rental revenue	**-**	**4 584**	**108 665**	**220**	**113 469**
Total revenue	**2 036 076**	**3 738 011**	**3 925 539**	**576 594**	**10 276 220**
2021					
Revenue					
Sale of equipment *	1 043 265	2 766 176	1 877 434	142 362	5 829 237
Sale of parts	390 445	253 567	829 787	160 439	1 634 238
Service contracts and transport revenue	56 018	48 500	215 889	30 178	350 585
Extended warranty	69 388	-	-	-	69 388
Rental revenue	-	9 185	120 978	3 514	133 677
Total revenue	1 559 116	3 077 428	3 044 088	336 493	8 017 125

The transfer of goods and services occurs over time and at a point in time as reflected below.

Timing of revenue recognition	**2022 R000**	2021 R000
At a point in time		
Sale of equipment *	**7 582 037**	5 829 237
Sale of parts	**2 034 315**	1 634 238
Service contracts and transport revenue	**454 269**	350 585
Total	**10 070 621**	7 814 060
Over time		
Extended warranty	**92 130**	69 388
Rental revenue	**113 469**	133 677
Total	**205 599**	203 065
Total revenue	**10 276 220**	8 017 125

* Sale of equipment in manufacturing, assembly, logistics and dealer sales operations in Europe has been increased by an amount of R17,2 million (2021: increase of R35,6 million) relating to a reversal of the expected loss on sales transactions concluded with residual value guarantees. Refer to note 23.1.

Included in revenue for the year is an amount of R292,8 million (2021: R76,3 million) relating to bill and hold arrangements for the sale of equipment to certain customers. Control of the equipment has passed to these customers and management's assessment is that the likelihood of revenue reversal in future periods is remote.

The group had remaining and unsatisfied performance obligations at year end in terms of extended warranty contracts, service contracts, and in terms of certain equipment sales contracts where the consideration was received in advance from customers. These obligations are reflected as contract liabilities in the statement of financial position. Refer to note 22.

Related party sales are disclosed in note 39.

28. PROFIT FROM OPERATING ACTIVITIES

	Notes	2022 R000	2021 R000
Profit from operating activities is arrived at after taking into account:			
Income			
Currency exchange gains (i)		**409 912**	247 473
APDP - production incentives (ii)	44	**144 351**	90 884
Net surplus on disposal of property, plant and equipment		**1 828**	8 160
Expenditure			
Amortisation of intangible assets	9	**44 531**	36 364
Amounts written off as credit impaired		**5 065**	3 850
Increase in allowance for expected credit losses on trade and other receivables		**800**	11 810
Auditors' remuneration - audit fees and other services		**17 691**	14 436
Cash-settled employee share awards		**18 200**	10 031
Consulting fees		**25 907**	32 133
Currency exchange losses (i)		**385 785**	258 624
Depreciation of property, plant and equipment (iii)	7	**141 993**	151 396
Depreciation of right-of-use assets	8	**58 474**	63 436
Directors' remuneration			
Paid by company:			
- non-executive directors' fees (iv)	43	**5 575**	7 902
Paid by subsidiaries:			
- executive directors - salaries (iv)	43	**10 537**	8 702
- benefits (iv)	43	**4 600**	1 665
Impairment loss recognised on intangible assets	9	**9 348**	-
Increase in contract provision - warranty		**67 316**	14 964
Lease expenses	8	**32 286**	18 681
Research expenses (excluding staff costs)		**38 983**	36 466
Staff costs (iv)		**1 726 823**	1 511 259

(i) Net currency exchange gains arose mainly on USD denominated revenue and receivables as a result of the movement in the Rand and the Euro against the USD in the current year.

(ii) Income from production incentives increased by 58,8% (2021: 45,1%) due to an increase in production volumes in the current period.

(iii) Total depreciation expense above, expressed by the nature of this expense, includes depreciation included in cost of sales and in distribution costs, administration expenses and factory operating expenses in the consolidated statement of profit or loss.

(iv) Staff costs increased by 14,3% (2021: 17,8%) mainly due to an increase in the workforce at the manufacturing and assembly facilities stemming from increased production volumes, and labour cost escalations.

29. INTEREST EXPENSE

	2022 R000	2021 R000
Interest expense incurred on the following:		
Bank overdrafts and loans	**49 340**	23 608
Lease liabilities	**37 180**	37 034
Industrial Development Corporation (IDC) of South Africa working capital facility	**45 945**	27 022
Other *	**4 512**	8 724
Total interest expense	**136 977**	96 388

* Includes interest expenses relating to extended credit terms granted to the group for goods purchased in the normal course of business.

30. INTEREST INCOME

	2022 R000	2021 R000
Interest income earned on the following:		
Service contracts	**9 804**	9 616
Extended warranty contracts	**25 360**	24 622
Instalment sale agreements	**26 546**	17 087
Other *	**15 802**	10 951
Total interest income	**77 512**	62 276

* Includes interest income received from customers on extended credit terms provided, finance leases and financial institutions.

31. TAXATION

Accounting policy

The taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation
The taxation currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss 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 group's liability / asset for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the end of the reporting period.

Current taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current taxation is also recognised in other comprehensive income or directly in equity.

Deferred taxation
Refer to note 12 for the group's accounting policy on deferred taxation.

31. TAXATION *continued*

31.1 Taxation recognised in profit or loss	2022 R000	2021 R000
South African normal taxation		
Current taxation		
- current year	**105 273**	21 601
- prior year	**(193)**	(2 917)
Deferred taxation		
- current year	**4 057**	18 922
- prior year	**(4 874)**	(12 132)
- change in tax rate *	**3 999**	-
Withholding taxation	**456**	1 167
Other corporate taxation	**7**	-
Foreign taxation		
Current taxation		
- current year	**59 683**	53 898
- prior year	**(1 842)**	(1 353)
Deferred taxation		
- current year	**(5 064)**	(5 612)
- prior year	**4 097**	(430)
Withholding taxation	**779**	1 090
Other corporate taxation, including wealth taxation	**494**	1 110
Total taxation recognised in profit or loss	**166 872**	75 344

Reconciliation of rate of taxation (%)	2022 %	2021 %
Standard rate of taxation	**28**	28
Adjustment for:		
Disallowable legal and consulting fees	**1**	1
Special allowances for taxation	**(2)**	(1)
Prior year taxation	**-**	(5)
Withholding and other corporate taxation	**-**	1
Tax losses utilised by subsidiaries where no deferred taxation assets have been recognised in previous periods	**-**	(1)
Impact of different taxation rates of subsidiaries operating in other jurisdictions, mainly UK and Zambia *	**(2)**	(3)
Change in tax rate **	**1**	-
Effective rate of taxation	**26**	20

* Includes taxation for other jurisdictions which was calculated at the tax rates prevailing in the respective jurisdictions.

** On 23 February 2022 the Finance Minister announced a reduction in the South African corporate tax rate on companies from 28% to 27% effective for years of assessment ending on or after 31 March 2023. The closing deferred taxation assets and liabilities for South African operations was raised at 27% to account for this change in legislation that had been substantively enacted at year-end.

The group's estimated taxation losses amount to R239,8 million (2021: R544,0 million). No taxation losses (2021: R11,7 million) included in this amount will expire and these taxation losses may be carried forward indefinitely. Prior year losses of R11,7 million expired in the current year.

A deferred taxation asset of R5,4 million (2021: R89,5 million) was recognised in respect of taxation losses in the current year. Refer to note 12. Taxation losses for which no deferred taxation asset was recognised amounted to R219,7 million (2021: R232,7 million).

31.2 Taxation recognised in other comprehensive income that will not be reclassified subsequently to profit or loss	2022 R000	2021 R000
Deferred taxation		
- property revaluation	**13 223**	-
Total taxation recognised in other comprehensive income	**13 223**	-

32. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

			Notes	2022	2021
32.1	**Earnings per share (basic)**				
	Profit attributable to owners of Bell Equipment Limited	(R'000)		**456 846**	286 770
	Weighted average number of shares in issue	('000)		**95 629**	95 629
	Earnings per share (basic)	(cents)		**478**	300
32.2	**Earnings per share (diluted)**				
	Profit attributable to owners of Bell Equipment Limited	(R'000)		**456 846**	286 770
	Fully converted weighted average number of shares	('000)		**127 826**	110 182
	Earnings per share (diluted)	(cents)		**357**	260

The group has potential ordinary shares relating to the shareholding of BEE parties in certain group entities. These BEE parties are required to sell their shares to the group at the end of the lock-in period in exchange for cash, shares in the company or in another group entity or for a combination of cash and shares, at the company's discretion. The number of shares has been adjusted for the effect of the dilutive potential shares relating to these options.

			Notes	2022	2021
32.3	**Headline earnings per share (basic)**				
	Profit attributable to owners of Bell Equipment Limited	(R'000)		**456 846**	286 770
	Net surplus on disposal of property, plant and equipment	(R'000)	28	**(1 828)**	(8 160)
	Taxation effect of net surplus on disposal of property, plant and equipment	(R'000)		**237**	2 270
	Reversal of impairment loss on property, plant and equipment	(R'000)	7	**(5 786)**	-
	Taxation effect of reversal of impairment loss on property, plant and equipment	(R'000)		**1 736**	-
	Impairment loss recognised on intangible assets	(R'000)	9	**9 348**	-
	Taxation effect of impairment loss on intangible assets	(R'000)		**(2 617)**	-
	Reclassification to profit or loss of foreign currency translation reserve relating to deregistered operations	(R'000)	18	**(5 349)**	-
	Headline earnings	(R'000)		**452 587**	280 880
	Weighted average number of shares in issue	('000)		**95 629**	95 629
	Headline earnings per share (basic)	(cents)		**473**	294
32.4	**Headline earnings per share (diluted)**				
	Headline earnings as calculated in 32.3 above	(R'000)		**452 587**	280 880
	Fully converted weighted average number of shares per 32.2 above	('000)		**127 826**	110 182
	Headline earnings per share (diluted)	**(cents)**		**354**	255

Headline earnings is calculated in accordance with *Circular 1/2021 Headline Earnings* issued by the South African Institute of Chartered Accountants.

			Notes	2022	2021
32.5	**Net asset value per share**				
	Total capital and reserves	(R'000)		**4 365 208**	3 861 733
	Number of shares in issue	('000)	17	**95 629**	95 629
	Net asset value per share	**(cents)**		**4 565**	4 038

33. SHARE-BASED PAYMENT ARRANGEMENTS WITH EMPLOYEES

Accounting policy

Equity-settled share-based payments
Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee benefits reserve in equity.

Cash-settled share-based payments
The group recognises a liability for cash-settled share-based payments at fair value. The fair value of the liability is determined using an option pricing model and the liability is remeasured at each reporting date and at the date of settlement with any changes reflected in the group's statement of profit or loss. Services received from employees are recognised by the group as they are rendered.

The estimation of the fair value of the cash-settled share-based payments includes the effect of market and non-market conditions. Vesting conditions, other than market conditions, are taken into account in the measurement of the liability by adjusting the number of awards that are expected to vest. This estimate is revised at each reporting date when the liability is remeasured until the vesting date.

33.1 Equity-settled employee share option plan

This scheme was approved by the shareholders and the board in 2009 and share options were granted to senior employees on 15 February 2010, 15 April 2011 and 15 May 2012. No further share options have been granted since 2012. All outstanding options under this scheme expired during 2022 as detailed below. The scheme is no longer in operation.

33.1.1 Share options granted

The following equity settled share-based payment arrangements were in existence and expired during the reporting period:

Grant date	Tranches	Initial number of options granted	Expiry date	Exercise price	Fair value at grant date
15 May 2012	Tranche 1	316 666	14 May 2022	R 21,35	R 12,79
15 May 2012	Tranche 2	316 667	14 May 2022	R 21,35	R 13,18
15 May 2012	Tranche 3	316 667	14 May 2022	R 21,35	R 13,54

33.1.2 Movement in share options for the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2022		2021	
	Number of options	**Weighted average exercise price R**	Number of options	Weighted average exercise price R
Balance at beginning of the year	**372 000**	**21,35**	1 047 000	16,24
Forfeited during the year	**-**	**-**	(72 500)	16,49
Expired during the year *	**(372 000)**	**21,35**	(602 500)	13,06
Balance at end of the year	**-**	**-**	372 000	21,35

* The options which expired in 2022 are in respect of unexercised options which were granted in May 2012 and which expired in May 2022 in terms of the scheme rules.

33. SHARE-BASED PAYMENT ARRANGEMENTS WITH EMPLOYEES *continued*

33.2 Cash-settled employee share award plan

This phantom share incentive scheme was approved by the board of directors and implemented in 2018. The scheme makes provision for long-term incentivisation of key executives in the structure of a share appreciation rights scheme. The objective and purpose of the scheme is to grant forfeitable phantom share awards to key executives to enable them to benefit if the company's share price improves and if the specified Headline Earnings per Share (HEPS) and Return on Invested Capital (ROIC) performance conditions are achieved.

The awards comprise a mixture of zero-strike and strike based awards, with the zero-strike portion subject to a 50% split between HEPS and ROIC performance conditions. The number of awards granted to executives was determined with reference to market norms for long-term incentive schemes and a multiple of the salary packages of the participants and the company granted these awards in equal, annual tranches on 1 January each year, starting in 2018. In respect of the portion of the incentive related to the market price of the share, employees will acquire the cash equivalent of the growth in the share price. In respect of the portion of the incentive related to the HEPS and ROIC performance conditions, employees will receive the cash equivalent of the market value of the shares without any reduction by the strike price. The HEPS performance condition is that the annual compounded HEPS growth rate over the three, four and five year periods ending on the last day of the financial year-end of the group prior to the vesting date, must meet or exceed the HEPS growth rate of inflation plus 5% for awards granted from 2018 to 2021 and inflation plus 3% for awards granted from 2022 onwards. The ROIC performance condition is based on operational returns in excess of the cost of capital, plus a margin for awards granted from 2020 to 2021 and 15% for awards granted from 2022 onwards. The total benefit paid to employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group.

One-third of each annual award vests in years three, four and five after the award date and the awards are forfeited on a participant ceasing to be an employee, for reasons other than incapacity, death or retirement, when all the awards held by the participants, whether or not they have vested, will be deemed to have vested upon termination of employment and shall be settled within three months or in the case of death, within 12 months thereafter.

In the event of a change in control of the company which results in the retrenchment of or a material adverse change in the conditions of employment of the participant the full number of phantom share units determined will be deemed to be awarded and the vesting period in respect of this full award will be advanced in accordance with the rules of the scheme.

The strike price is the thirty day volume weighted average of the closing market share price immediately preceding the grant date of 1 January each year.

33.2.1 Share awards granted

The following share-based payment arrangements were in existence at the end of the reporting period:

	Phantom share units							
Grant date	**With a strike price**	**With a strike price of zero**	**Vesting January 2023**	**Vesting January 2024**	**Vesting January 2025**	**Vesting January 2026**	**Vesting January 2027**	**Strike price of units with a strike price**
1 January 2018	294 333	165 333	459 666	-	-	-	-	R 13,53
1 January 2019	588 667	330 666	459 667	459 666	-	-	-	R 12,68
1 January 2020	883 000	496 000	459 667	459 667	459 666	-	-	R 8,88
1 January 2021	883 000	496 000	-	459 667	459 667	459 666	-	R 6,52
1 January 2022	1 069 000	601 000	-	-	556 667	556 667	556 666	R 12,43
Total share units	3 718 000	2 088 999	1 379 000	1 379 000	1 476 000	1 016 333	556 666	

Refer to the number of phantom share awards held by directors and prescribed officers in note 43.

33. SHARE-BASED PAYMENT ARRANGEMENTS WITH EMPLOYEES *continued*

33.2 Cash-settled employee share award plan *continued*

33.2.2 Fair value of share awards granted

The fair value of the phantom share awards was measured at the end of the year using the Black-Scholes pricing model. A liability of R28,2 million (2021: R10,0 million) was raised for this cash-settled employee share award plan. Refer to note 25.

	Measurement date	
Inputs into the model	**31 December 2022**	31 December 2021
Spot price of the option	R 15,25	R 12,35
Dividend yield	3,3%	0,0%
Expected volatility of the share price	48,3%	63,6%
Risk-free interest rate	7.7% - 7.9%	4.9% - 6.6%
HEPS	473	294
ROIC	9,5	7,1

33.2.3 Movement in share awards granted

The following reconciles the share awards outstanding at the beginning and end of the year:

	2022		2021	
	Number of awards	**Weighted average strike price R**	Number of awards	Weighted average strike price R
Balance at beginning of the year	**5 056 333**	**6,48**	4 525 000	7,45
Expired during the year	**(919 334)**	**8,39**	(459 667)	8,66
Granted during the year	**1 670 000**	**7,96**	1 573 000	4,17
Forfeited during the year	**-**	**-**	(582 000)	6,08
Balance at end of the year	**5 806 999**	**6,60**	5 056 333	6,48

The share awards outstanding at the end of the year under the cash-settled employee share award plan had a weighted average remaining contractual life of 2,5 years (2021: 2,6 years).

34. CONTINGENT ASSETS AND LIABILITIES

Accounting policy

Contingent assets are not recognised as assets because they are possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the group.

The contingent asset in note 34.1.1 below relates to the group's reimbursement right from third-party component suppliers in respect of standard warranties on manufactured goods. The amount below has not been recognised as an asset as the circumstances do not support a conclusion that recovery is virtually certain. This represents the group's best estimate of expected recoveries from component suppliers. Refer to the group's accounting policy on contract provisions for standard warranty in note 24.1.

Contingent liabilities are not recognised as liabilities because they are either possible obligations and the group's present obligation that could lead to an outflow of resources has yet to be confirmed; or they are present obligations that do not meet the recognition criteria because it is not probable that an outflow of resources will be required to settle the obligation.

34.1 Contingent assets

34.1.1 **Reimbursement right relating to standard warranty in respect of manufactured goods**	**2022 R000**	2021 R000
Reimbursement right from component suppliers in respect of standard warranties where virtual certainty of recovery has not yet been established	**38 744**	28 182

34.2 Contingent liabilities

34.2.1 **Third party warranties and indemnities**		
Warranties and indemnities limited to USD3 million provided to a third party in previous periods relating to the sale of assets of the DRC operation in 2018, expired in the current period.	**-**	47 638

34.2.2 **Cash-backed bond**		
A cash-backed bond of USD150,000 (2021: USD450,000) in favour of the Environmental Protection Agency in the United States of America. The cash is restricted and the funds are repayable to the group during 2026.	**2 542**	7 146

35. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments include commitments for the acquisition of property, plant and equipment and software.

Contracted	**25 134**	26 267
Authorised, but not contracted	**186 696**	115 659
Total capital expenditure commitments	**211 830**	141 926

This capital expenditure is to be financed from internal resources.

36. OPERATING LEASE ARRANGEMENTS

Operating leases, in which the group is the lessor, relate to leases of equipment reflected as rental assets in note 7 and inventory as reflected in note 13.

36.1 Operating lease receivables

The minimum undiscounted lease payments in non-cancellable operating lease receivables are set out below:

Equipment		
Less than one year	**28 926**	67 994
Between one and two years	**-**	419
Total operating lease receivables	**28 926**	68 413

37. RETIREMENT BENEFIT INFORMATION

Accounting policy

Payments to defined contribution retirement plans and state-managed retirement contribution schemes are charged as an expense when employees have rendered services in respect of which contributions are payable.

South African group employees in certain scheduled occupations are required by legislation to join an industrial defined contribution plan. The pension fund is governed by the Pension Funds Act and retirement benefits are determined based on the level of contributions for retirement by employees and investment returns. Employees carry the investment risk and the group has no commitment to meet any unfunded benefits.

Other South African employees are eligible, as a condition of their employment, to join the Old Mutual Superfund Pension and Provident Funds, which are externally managed defined contribution plans with multiple participating employers, including Bell Equipment Limited. These funds are governed by the Pension Funds Act and retirement and death benefits are determined with reference to the employees' contributions to the fund. These funds are actuarially valued but, by their nature, the group has no commitment to meet any unfunded benefits.

Certain of the foreign subsidiaries offer pension fund plans to their employees. These funds are externally managed defined contribution plans and are not actuarially valued. These companies have no commitment to meet any unfunded benefits.

The group's employer contributions to retirement funds were R115,7 million during the current year (2021: R105,8 million) and were charged to staff costs in profit or loss.

There is no obligation to meet any post retirement medical costs of employees.

38. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets carried on the statement of financial position are classified into the following categories:
- financial assets at fair value through profit or loss;
- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive income.

Classification is determined by both the group's business model as well as the contractual cash flow characteristics of the asset. Financial assets carried on the statement of financial position include cash and bank balances, investments, interest-bearing receivables, trade and other receivables and other assets. The group's business model for each category is disclosed in notes 10, 11, 14, 15 and 16.

Financial liabilities
Financial liabilities carried on the statement of financial position are classified into the following categories:
- financial liabilities at fair value through profit or loss; and
- financial liabilities at amortised cost.

Financial liabilities as disclosed in the statement of financial position include interest-bearing liabilities, trade and other payables, bank overdrafts and borrowings on call and other liabilities. Refer to notes 20, 25, 26 and 38.2.

Offsetting financial instruments
Financial assets and liabilities are offset where the group has a legal and enforceable right to set off the recognised amounts and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Categories of financial instruments	Notes	2022 R000	2021 R000
Financial assets			
Financial assets at amortised cost			
- Interest-bearing receivables	11	**236 259**	203 357
- Trade and other receivables (excluding accruals and value added taxation receivable)	14	**1 133 757**	933 281
- Cash and bank balances	16	**228 600**	156 332
Financial assets at fair value through other comprehensive income			
- Investments	10	**62 935**	58 717
Financial assets at fair value through profit or loss			
- Other assets (forward foreign exchange contracts)	15	**18 145**	14 546
Total financial assets		**1 679 696**	1 366 233
Financial liabilities			
Financial liabilities at amortised cost			
- Interest-bearing liabilities	20	**845 123**	378 644
- Trade and other payables (excluding accruals and value added taxation payable)	26	**1 351 076**	1 012 129
- Bank overdrafts and borrowings on call	38.2	**531 363**	473 334
Financial liabilities at fair value through profit or loss			
- Other liabilities (forward foreign exchange contracts)	25	**1 722**	8 076
Total financial liabilities		**2 729 284**	1 872 183

38. FINANCIAL INSTRUMENTS *continued*

Fair value of financial instruments
Financial assets at amortised cost
Interest-bearing receivables, trade and other receivables and cash and bank balances are measured at amortised cost. The directors consider that the carrying amount of trade and other receivables, excluding the value added taxation receivable, and cash and bank balances approximates their fair value due to the short-term nature of these instruments. The carrying amount of interest-bearing receivables approximates their fair value owing to the market related interest rates charged on these agreements.

Financial liabilities at amortised cost
Interest-bearing liabilities, trade and other payables and bank overdrafts and borrowings on call are measured at amortised cost. The directors consider that the carrying amount of trade and other payables, excluding the value added taxation payable, and bank overdrafts and borrowings on call approximates their fair value due to the short-term nature of these instruments. The carrying amount of interest-bearing liabilities approximates their fair value owing to the market related interest rates on these instruments.

Financial assets and liabilities at fair value through profit or loss
Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts presented in the statement of financial position as other assets or liabilities. The group measures forward foreign exchange contracts at fair value on a recurring basis based on the market approach, using inputs other than quoted prices (Level 2). The fair value of these contracts is based on observable forward exchange rates at year-end from an independent provider of financial market data. There was no change in the valuation techniques for forward foreign exchange contracts (Level 2).

Investments at fair value through other comprehensive income
Investments carried at fair value through other comprehensive income include listed and unlisted equity instruments. These investments are measured at fair value on a recurring basis. The fair value of listed investments is based on quoted market prices (Level 1). For its unlisted investment (Level 3), the group used an average of observable price to book ratios of a number of entities within the industry which was applied to the estimated net asset value of the investment entity. Refer to note 10.

Valuation techniques and fair value hierarchy
There was no change in the valuation techniques used for the group's listed (Level 1) and unlisted investments (Level 3).

For all fair value measurements disclosed above, there were no transfers between levels of the fair value hierarchy during the year.

Financial risk management
The group's approach to risk management includes being able to identify, describe and analyse risks at all levels throughout the group, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored by the risk and sustainability committee and the board. The overall risk strategy remains unchanged with emphasis on sustainability and liquidity.

In the normal course of its operations, the group is exposed to capital, liquidity, credit and market risks (foreign currency risk, interest rate risk and equipment residual value risk). In order to manage these risks, the group may enter into transactions which make use of derivatives, including forward foreign exchange contracts. The group does not speculate in derivative instruments.

The group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to operations of the group through internal reports which analyse exposures and the magnitude of risks.

38.1 Capital risk management
The group's overall strategy is to secure the long-term sustainability of the group and to generate cash. This is consistent with the prior year.

The capital structure of the group consists of debt, which includes short-term and long-term borrowings as disclosed in note 20, cash and bank balances, all components of equity, comprising issued capital, reserves and non-controlling interest, as disclosed in notes 17 to 19, and retained earnings.

Gearing ratio
Management monitors the group borrowings with reference to a targeted net debt-to-equity ratio of between 30% and 40%.

	2022 R000	2021 R000
The gearing ratio at year-end was as follows:		
Short-term and long-term borrowings	**1 376 486**	851 978
Cash and bank balances	**(228 600)**	(156 332)
Net debt	**1 147 886**	695 646
Total equity	**4 365 208**	3 861 733
Attributable to owners of Bell Equipment Limited	**4 320 342**	3 837 671
Non-controlling interest	**44 866**	24 062
Debt-to-equity ratio (excluding cash and bank balances) (%)	**31,5**	22,1
Net debt-to-equity ratio (including cash and bank balances) (%)	**26,3**	18,0

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.2 Liquidity risk

The group manages liquidity risk by management of working capital and cash flows. Banking facilities are constantly monitored for adequacy. The general banking facilities are repayable on demand and their utilisation at 31 December 2022 is as follows:

	Facilities 2022 R000	**Utilisation 2022 R000**	Facilities 2021 R000	Utilisation 2021 R000
General banking facilities	**1 409 157**	**531 363**	1 042 434	473 334

Bank overdrafts and borrowings on call are unsecured and floating interest rates linked to benchmark rates are charged. In terms of undertakings by the group in certain bank facility agreements, limits are in place for permitted security over group assets, the provision of guarantees or indemnities to any person and for the raising of additional borrowings. Transactions in excess of these limits require the consent of the banks concerned.

38.2.1 Loan covenants

The utilisation at 31 December 2022 on the Industrial Development Corporation of South Africa facility is as follows:

Industrial Development Corporation of South Africa (IDC)	**Facility 2022 R000**	**Utilisation 2022 R000**	**Interest accrued 2022 R000**	Facility 2021 R000	Utilisation 2021 R000	Interest accrued 2021 R000
Trade finance and interest accrued	**550 000**	**530 611**	**16 525**	550 000	172 364	1 358

The IDC trade finance is unsecured and is a rolling credit facility, repayable six-monthly. Utilisation of the facility is restricted to the funding of working capital. The facility has a terminal drawdown date of 31 December 2023. The facility is fully repayable within 6 months of the terminal drawdown date, unless a renewal of the facility is negotiated.

The following financial covenants, measured at a group level, apply and were met at year-end:
- Ratio of total shareholders' interests to total assets: minimum of 35% (a ratio of 50% was achieved at 31 December 2022)
- Debt service cover ratio: no less than 1,2 times (a ratio of 3,8 times was achieved at 31 December 2022)

In addition, BECSA may not:
- make any loans; and/or
- repay loans to or pay interest on loans from shareholders or related persons or make any payments whatsoever to such persons; and/or
- pay directors fees and directors salaries exceeding R50 million in the financial year ended 31 December 2022 (which salary limit may thereafter be increased at CPI per year), if:
  the making of such payments would result in the ratio of shareholders' interest to total assets being reduced below 40% and the debt service cover ratio being less than 1,5 times.

BECSA's loan from the company of R88,0 million at year end shall remain constant and may not be repaid and BECSA may not enter into any new inter-company loans without the IDC's permission.

The utilisation at 31 December 2022 on the Commerzbank AG and Landesbank Baden-Württemberg combined bank facilities held in Germany is as follows:

Commerzbank AG (CoBa) and Landesbank Baden-Württemberg (LBBW)	**Maximum facilities 2022 R000**	**Utilisation 2022 R000**
Bank overdraft facilities	**542 565**	94 841

Utilisation of the above facility is restricted to the funding of current assets and is secured by certain inventory and trade receivables as disclosed in notes 13 and 14. Financing is limited to a maximum of €30,0 million and is available until 30 June 2025. The amount of credit available under the facility is determined periodically based on the value of current assets, in particular, inventory and trade receivables.

The following financial covenants, measured at Bell Equipment (Deutschland) GmbH, apply and were met at year-end:
- Ratio of equity to total assets: minimum of 35% (a ratio of 43% was achieved at 31 December 2022)
- Ratio of net debt to earnings before interest, tax, amortisation and deprecation: no more than 4,5 times (a ratio of 4,1 times was achieved at 31 December 2022)

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.2 Liquidity risk continued

38.2.2 Maturity analysis of financial liabilities

The following details the group's remaining contractual maturities for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows and where applicable includes both interest and principal cash flows.

Non-derivative financial liabilities	Notes	Less than one year R000	One to two years R000	Two to three years R000	Three to four years R000	Four to five years R000	More than five years R000	Total R000
2022								
Secured interest-bearing liabilities	20	**116 752**	**60 687**	**25 924**	**36 619**	**31 525**	**51 831**	**323 338**
Unsecured interest-bearing liabilities	20	**561 587**	**-**	**-**	**-**	**-**	**-**	**561 587**
Trade and other payables	26	**1 351 076**	**-**	**-**	**-**	**-**	**-**	**1 351 076**
Bank overdrafts and borrowings on call	38.2	**531 363**	**-**	**-**	**-**	**-**	**-**	**531 363**
Total		**2 560 778**	**60 687**	**25 924**	**36 619**	**31 525**	**51 831**	**2 767 364**
2021								
Secured interest-bearing liabilities	20	34 614	30 186	23 386	17 197	16 940	105 056	227 379
Unsecured interest-bearing liabilities	20	180 471	-	-	-	-	-	180 471
Trade and other payables	26	1 012 129	-	-	-	-	-	1 012 129
Bank overdrafts and borrowings on call	38.2	473 334	-	-	-	-	-	473 334
Total		1 700 548	30 186	23 386	17 197	16 940	105 056	1 893 313

The following outlines the group's maturity analysis for its derivative financial instruments which the group has entered into to cover foreign commitments not yet due (refer to note 38.4.1). The table has been drawn up based on the undiscounted gross cash inflows (exports) and outflows (imports) on the derivative instruments that settle on a gross basis.

Derivative financial instruments	2022 R000	2021 R000
Less than 1 year		
Gross settled forward foreign exchange contracts - imports	**(190 253)**	(570 924)
Gross settled forward foreign exchange contracts - exports	**292 249**	457 781
Total	**101 996**	(113 143)

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.3 Credit risk

Credit risk consists mainly of short-term cash deposits, interest-bearing receivables and contract assets, trade receivables, production incentive receivables and the credit risk exposure described in note 42. The group only deposits short-term cash with approved financial institutions.

Trade receivables contain concentration risk in certain markets, particularly where the group sells to independent dealers who distribute the group's products. The granting of credit is controlled by processes based on the group credit policy, credit applications by customers, a credit approval hierarchy, customer account limits, the utilisation of attorneys for collection where necessary and the ongoing monitoring of economic, political and industry conditions in each market. Management undertake ongoing credit evaluations of the financial condition of their customers and steps are taken when an invoice is not paid at due date.

The group's credit risk is regularly monitored by a credit committee, consisting of certain directors and senior executives. The credit committee monitors the extension and management of credit by group companies and credit in excess of certain thresholds requires credit committee approval.

The group's internal credit risk rating grades are based on the historic performance of financial assets and are categorised into fully performing receivables and past due receivables. Fully performing receivables are those customers that are within credit terms. Customers are in default when the debt is past due and this indicates a significant change in credit risk. In the case of customer default the value of the repossessed equipment may not cover the outstanding receivable amount.

The group's credit committee actively monitors credit, collections and the economic, political and industry conditions in each market. In addition, credit enhancements such as deposits, personal guarantees, liens on other property owned by the customer may be required at the time of origination or when there are signs of impairment.

Where industry factors or the economic environment impacts the customer's ability to service their debt, the group may renegotiate debt arrangements with customers where the customer's default was due to temporary circumstances and where there has not been a long-term change in the financial condition of the customer. Interest is charged in refinancing arrangements. Renegotiation assists the group to minimise losses and write offs. Renegotiated assets are monitored closely for on-going performance, the condition of the financed equipment and for any change in the financial condition of the customer.

Significant overdue customer balances are handed over to attorneys for legal collection. A customer balance is considered credit-impaired and will be written off in full once legal means of recovery has failed and it is believed that the likelihood of recovery is remote. Indicators that the likelihood of recovery is remote includes, amongst others, the liquidation of a debtor. Except in limited circumstances, the group continues to engage in recovery activities even after write off in order to recover amounts due to the group.

Interest is usually charged on overdue balances. An allowance has been made for expected credit losses from the sale of goods and services and this has been determined as described in note 14.

With the exception of the credit risk disclosed in note 42, the carrying amount of financial assets recorded in the financial statements, which is net of the allowance for expected credit losses, represents the group's maximum exposure to credit risk. At 31 December 2022, the group does not consider there to be any material credit risk that has not been adequately provided for.

Credit risk concentration

In assessing the recoverability of the receivable balances in BESSA, the group applied the policy for expected credit losses as described in note 14 and in particular considered the following factors that are relevant to these receivable balances:

- customers' payment history
- payment past due dates
- risks the customers are exposed to
- industries the customers operate in

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.3 Credit risk continued

Analysis of credit risk
An analysis of the group's credit risk and credit ratings of receivable balances as well as the credit risk concentration in BESSA are presented below:

	BESSA		GROUP (including BESSA)	
Instalment sale agreements *	**2022 R000**	2021 R000	**2022 R000**	2021 R000
Fully performing receivables	**185 823**	182 824	**185 823**	182 824
Gross	**185 823**	182 824	**185 823**	182 824
Past due receivables	**35 758**	2 417	**35 758**	2 417
Gross	**41 751**	3 160	**41 751**	3 160
Less: allowance for expected credit losses	**(5 993)**	(743)	**(5 993)**	(743)
Balance at end of the period (note 11)	**221 581**	185 241	**221 581**	185 241

* Included in interest-bearing receivables and contract assets on the statement of financial position.

An allowance for expected credit losses was raised as reflected in the table above. The remainder of the instalment sale receivables balance is considered recoverable and there has not been a significant change in credit quality. Refer to the impairment considerations in note 5.2.2.

Finance leases *				
Fully performing receivables	**-**	-	**-**	-
Gross	**-**	-	**-**	-
Less: allowance for expected credit losses	**-**	-	**-**	-
Past due receivables	**8 249**	-	**8 249**	-
Gross	**9 828**	-	**9 828**	-
Less: allowance for expected credit losses	**(1 579)**	-	**(1 579)**	-
Balance at end of the period (note 11)	**8 249**	-	**8 249**	-

* Included in interest-bearing receivables and contract assets on the statement of financial position.

Trade receivables **				
Fully performing receivables	**116 540**	114 542	**941 191**	756 802
Gross	**116 540**	114 542	**941 239**	756 877
Less: allowance for expected credit losses	**-**	-	**(48)**	(75)
Past due receivables	**13 022**	35 667	**68 444**	80 902
Gross	**44 919**	68 776	**117 299**	128 110
Less: allowance for expected credit losses	**(31 897)**	(33 109)	**(48 855)**	(47 208)
Balance at end of the period (note 14)	**129 562**	150 209	**1 009 635**	837 704

** Included in trade and other receivables on the statement of financial position.

The average credit period on the above trade receivable balances is 30 days.

An allowance for expected credit losses was raised as reflected in the table above. The remainder of the trade receivables balance is considered recoverable and there has not been a significant change in credit quality. Refer to the impairment considerations in note 5.2.2.

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.3 Credit risk *continued*
Analysis of credit risk *continued*

Movement in the allowance for expected credit losses on finance leases, instalment sale agreements and trade receivables	BESSA 2022 R000	BESSA 2021 R000	GROUP (including BESSA) 2022 R000	GROUP (including BESSA) 2021 R000
Balance at beginning of the year	**33 852**	20 994	**48 026**	35 010
Translation differences	**-**	-	**820**	869
Net increase in allowance for expected credit losses	**5 617**	12 858	**7 629**	12 147
Amounts considered credit-impaired and written off	**(5 046)**	(3 659)	**(5 065)**	(3 850)
Increase in allowance for expected credit losses, based on lifetime expected credit losses	**15 148**	16 517	**18 134**	16 888
Decrease in allowance due to cash flows from past due receivables	**(4 485)**	-	**(5 413)**	(612)
Decrease in allowance on fully performing receivables, based on lifetime expected credit losses	**-**	-	**(27)**	(279)
Balance at end of the year	**39 469**	33 852	**56 475**	48 026

The expected credit loss rates for the group's trade receivables are detailed in note 14.

Refer to note 42 for the group's credit risk exposure under Bell-backed deals relating to the WesBank arrangement.

38.4 Market risk
The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, residual value risk, political and economic risk and technological risk. There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risks.

38.4.1 Currency risk
The group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The group follows a policy of matching import and export cash flows where possible. The majority of any remaining inward or outward trade exposure is covered forward. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, but which were entered into to cover foreign commitments not yet due. The foreign subsidiaries do not hedge their intra-group purchases.

The details of contracts held at 31 December 2022 are listed below. These contracts will be utilised during the next six months. These contracts have been fair valued at the year-end as follows:

	Foreign amount 000	Rate R	Market value in Rands R000	Fair value (loss) gain R000
2022				
Import contracts				
British Pound	**4 000**	**20,70**	**82 070**	**(712)**
Euro	**2 450**	**17,49**	**44 556**	**1 695**
Japanese Yen	**508 759**	**7,87**	**65 767**	**1 157**
Export contracts				
Euro	**500**	**17,97**	**9 090**	**(102)**
United States Dollar	**15 876**	**17,84**	**269 478**	**13 783**
2021				
Import contracts				
British Pound	5 911	21,04	127 845	3 468
Euro	15 908	17,98	289 083	3 126
Japanese Yen	111 113	7,14	15 499	(67)
United States Dollar	9 095	15,94	145 591	567
Export contracts				
British Pound	24	21,42	519	(5)
Euro	4 369	18,36	79 024	1 208
United States Dollar	23 783	15,85	381 095	(4 059)

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.4 Market risk continued

38.4.1 Currency risk continued

The carrying amounts in South African Rand of the group's foreign currency denominated monetary assets and monetary liabilities as per the statement of financial position are as follows:

	Euro R000	United States Dollar R000	British Pound R000	Other currencies R000
2022				
Financial assets				
Financial assets at amortised cost				
- Interest-bearing receivables	**-**	**2 542**	**-**	**-**
- Trade and other receivables	**289 291**	**513 625**	**33 330**	**511**
- Cash and bank balances	**141 271**	**40 531**	**2 971**	**831**
Financial assets at fair value through other comprehensive income				
- Investments	**-**	**62 935**	**-**	**-**
Financial assets at fair value through profit or loss				
- Other assets (forward foreign exchange contracts)	**1 695**	**13 783**	**1 099**	**1 568**
Financial liabilities				
Financial liabilities at amortised cost				
- Interest-bearing liabilities	**172 189**	**-**	**-**	**185**
- Trade and other payables	**380 467**	**234 472**	**312 652**	**117 052**
- Bank overdrafts and borrowings on call	**153 717**	**18 075**	**28**	**-**
Financial liabilities at fair value through profit or loss				
- Other liabilities (forward foreign exchange contracts)	**102**	**-**	**1 209**	**411**
2021				
Financial assets				
Financial assets at amortised cost				
- Interest-bearing receivables	-	14 239	-	-
- Trade and other receivables	280 695	341 103	27 076	154
- Cash and bank balances	99 336	27 138	6 100	919
Financial assets at fair value through other comprehensive income				
- Investments	-	58 717	-	-
Financial assets at fair value through profit or loss				
- Other assets (forward foreign exchange contracts)	5 827	4 596	3 468	655
Financial liabilities				
Financial liabilities at amortised cost				
- Interest-bearing liabilities	194 967	1 113	-	294
- Trade and other payables	426 311	138 726	132 623	72 355
- Bank overdrafts and borrowings on call	120 936	32 924	-	-
Financial liabilities at fair value through profit or loss				
- Other liabilities (forward foreign exchange contracts)	108	7 669	78	221

The group is mainly exposed to the United States Dollar, the Euro and the British Pound. The analysis below details the group's sensitivity to a 10% strengthening or weakening in the South African Rand against major currencies. The analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A 10% strengthening or weakening in the South African Rand represents management's assessment of the reasonably possible change in foreign exchange rates.

For a 10% weakening (2021: 10%) in the South African Rand against major currencies and if all other variables were held constant, the group's:

- profit before taxation for the year ended 31 December 2022 would have decreased by R38,2 million (2021: decrease in profit before taxation R16,8 million); and
- other equity at year-end would have increased by R4,2 million (2021: R11,8 million decrease).

For a 10% strengthening (2021: 10%), there would have been an equal and opposite impact on the profit before taxation and other equity.

38. FINANCIAL INSTRUMENTS *continued*

Financial risk management continued

38.4 Market risk continued

38.4.2 Interest rate risk

The group is exposed to interest rate risk as entities in the group borrow funds at floating interest rates. Exposure to interest rate risk on borrowings and investments is monitored on a proactive basis. The group's interest rate profile of borrowings at 31 December 2022, is as follows:

		Net overdraft and call balances	Trade finance	Long-term borrowings	Long-term borrowings	Total borrowings
2022						
Borrowings	(R'000)	**302 763**	**547 136**	**172 374**	**125 613**	**1 147 886**
Rate profile		**Floating**	**Floating**	**Fixed**	**Floating**	
% of total borrowings		**26**	**48**	**15**	**11**	
2021						
Borrowings	(R'000)	317 002	173 722	196 375	8 547	695 646
Rate profile		Floating	Floating	Fixed	Floating	
% of total borrowings		46	25	28	1	

The sensitivity analysis below has been determined based on the exposure to interest rates on borrowings at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the period was outstanding for the whole year. A 100 basis points increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the group's:

- profit before taxation for the year ended 31 December 2022 would have decreased by R9,8 million (2021: decrease in profit before taxation R5,0 million)
- profit after taxation and equity would have decreased for the year ended 31 December 2022 by R7,0 million (2021: decrease in profit after taxation and equity R3,6 million)

For a 100 basis points decrease, there would have been an equal and opposite impact on the profit before taxation and profit after taxation.

38.4.3 Residual value risk

Residual value risks are attributable to sales transactions with residual value guarantees.

Residual value risks are the risks that the assessed market value of the equipment is less than what was expected when the contracts were entered into. Refer to notes 27.1.5 and 23.1 for information on the transactions entered into by the group.

The group manages residual value risk through ongoing assessments of the market values of the underlying equipment. Current and anticipated market conditions are assessed on an ongoing basis. Other conditions such as product development, environmental regulations and competitor actions are also considered in assessing the group's exposure to residual value risk.

38.5 Transfers of financial assets

Transferred financial assets that are not derecognised

During the year, the group discounted certain instalment sale receivables (refer to note 11) to a financial institution with full recourse to the group. The group carries all the credit risk associated with these assets and therefore these financial assets do not qualify for derecognition. A corresponding liability for the funds received from the financial institution is recognised in interest-bearing liabilities as disclosed in note 20.2.

The carrying amounts of the transferred assets and associated liabilities of instalment sale agreements are presented below:

	Notes	**2022 R000**	2021 R000
Instalment sale receivables	11	**85 956**	12 120
Collateralised borrowings	20.2	**(87 308)**	(841)
Net position		**(1 352)**	11 279

The group considers the carrying amount of the transferred assets and the related borrowings to approximate their fair values.

39. RELATED PARTY TRANSACTIONS

Accounting policy

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties have been defined as shareholders and key management personnel (directors and the group's executive committee) including close members of their families, and entities over which these individuals or their close family members have a controlling interest.

Related party transactions constitute the transfer of resources, services or obligations between the group and a party related to the group, regardless of whether a price is charged.

The group enters into various transactions with related parties. All transactions are carried out on an arms length basis on terms no more favourable than those entered into with third parties, with the exception of those transactions entered into with the BBBEE parties below.

Details of transactions between the group and related parties and balances at the year-end are detailed below:

Shareholders and their directors	**2022 R000**	2021 R000
I A Bell and Company (Pty) Ltd		
- amounts owing by - recovery of costs relating to shareholder action	**-**	729
GA Campbell *		
- salary	**840**	655
John Deere Construction and Forestry Company **		
- sales	**-**	10 764
- purchases	**-**	195 519
- royalties paid	**-**	4 461
- warranty claims received	**-**	1 173
- interest received	**-**	41

* GA Campbell is a director of I A Bell and Company (Pty) Ltd and an employee of BESSA, a subsidiary of the group.

** John Deere Construction and Forestry Company ceased being a related party at the end of September 2021 when their interest was purchased by I A Bell and Company (Pty) Ltd, which is the parent company of the group. The prior period above reflects transactions up to the end of September 2021.

Directors and group executive committee members who are BBBEE shareholders *		
A Goordeen		
- interest received	**131**	122
- amounts owing by **	**1 037**	974
D Chinnappen		
- interest received	**131**	122
- amounts owing by **	**1 037**	974

* Details of the BBBEE ownership transaction are included in note 19.2.

** The BBBEE shareholders' loan balances are included as part of interest-bearing receivables. Refer to note 11.

39. RELATED PARTY TRANSACTIONS *continued*

Enterprises in which directors have a controlling interest	2022 R000	2021 R000
BAC Helicopters CC		
- aircraft repairs, maintenance and related expenses	**383**	90
Latin Equipment SA		
- sales	**7 571**	5 720
- warranty expenses	**480**	-
- amounts owing by	**448**	461
Latin Uruguay SA		
- sales	**193**	43
- amounts owing by	**-**	90
Loinette Company Leasing Limited		
- loss on discounting arrangement *	**830**	-
- financing fee	**-**	40
- amounts owing by	**-**	3 643
- amounts owing to	**-**	5

* During the year an instalment sale receivable amounting to R28,0 million was discounted to Loinette Company Leasing Limited without recourse to the group.

Amounts outstanding are unsecured. Amounts will be settled in cash, except for the BBBEE shareholders' loans which will be settled by dividends.

Related party balances have been included as part of trade and other receivables in assessing recoverability and in the collective assessment of expected credit losses. No allowance for expected credit losses has been recognised in the current period (2021: Rnil) in respect of the amounts owed by related parties, because amounts are considered to be recoverable and no amounts have been written off as credit-impaired.

Compensation of key management personnel
The remuneration of directors and prescribed officers is reflected in note 43.

The remuneration of directors and key management is determined by the board having regard to the performance of individuals and market trends.

40. SUBSEQUENT EVENTS

Notice is hereby given that the directors have declared a gross final cash dividend of 90 cents per ordinary share for the year ended 31 December 2022 payable to ordinary shareholders in accordance with the timetable below.

The net final dividend is 72 cents per share for ordinary shareholders who are not exempt from dividends tax. The dividend withholding tax rate is 20 percent.

The dividend has been declared from income reserves.

The company's income tax reference number is 9022169206.

The issued share capital at the declaration date is 95 629 385 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 18 April 2023
Shares commence trading "ex" dividend	Wednesday, 19 April 2023
Record date	Friday, 21 April 2023
Payment date	Monday, 24 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 April 2023, and Friday, 21 April 2023, both days inclusive.

No other fact or circumstance material to the appreciation of these financial statements has occurred between 31 December 2022 and the date of this report.

41. COMPOSITION OF THE GROUP

Accounting policy

Basis of consolidation
The financial statements incorporate the financial position and results of the company and of its subsidiaries. The results of subsidiaries are included from the dates the company obtains control and ceases when the company loses control of the subsidiary. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Except for K2017044733 (South Africa) (RF) Proprietary Limited (the BESSA BEE SPV) and K2019577563 (South Africa) (RF) Proprietary Limited (BEE Manco), the group's control is exercised directly by holding the majority of the voting rights of the ordinary shares in all its subsidiaries.

Control over K2017044733 (South Africa) (RF) Proprietary Limited (the BESSA BEE SPV)
The group established this entity with the sole purpose to acquire and maintain BBBEE credentials for Bell Equipment Sales South Africa Limited (BESSA). The activities of this entity are predetermined and designed in such a way that any amendment to the mandate in terms of the Memorandum of Incorporation requires the company's approval. Even though all the ordinary shares in the entity are held by external shareholders, the BESSA BEE SPV cannot effect any transaction that affects its shareholding in BESSA and its BBBEE credentials without the written consent from the company. As such, management concludes that the group has power over the BESSA BEE SPV and has the ability to direct and affect the variable returns from its involvement with the BESSA BEE SPV. The group controls the BESSA BEE SPV and the results have therefore been consolidated. The entity is also a shareholder in the 2019 BEE transaction described in note 19.2 of the financial statements.

Control over K2019577563 (South Africa) (RF) Proprietary Limited (BEE Manco)
The group established this entity with the sole purpose to acquire and maintain BBBEE credentials for BECSA and BESSA (see note 19.2). BEE Manco is subject to a 10 year lock-in period during which the entity will be unable to sell shares held in the group. The directors of BEE Manco have limited power to make decisions without the prior approval of the company. The company has power to direct the relevant activities of BEE Manco during the lock-in period. The company has the right to variable returns from its involvement with BEE Manco and has the ability to affect those returns through its power over BEE Manco. The company therefore controls BEE Manco. The results of the BEE Manco have therefore been consolidated by the company as part of its group financial statements.

Control over the broad based trust, Bell Equipment Foundation (BEF)
The trust was founded by the group in 2017 and the sole purpose of the trust is to hold shares in Bell group companies (see note 19.1.2) and to distribute dividends earned to participating beneficiaries. In terms of the trust deed, the group may at any time appoint or remove trustees. The group also directs the activities by determining the approved list of beneficiaries to whom distributions should be made by the trust in order to achieve the trust objectives. The decision making powers around the design and the purpose of the trust remains with the group. These activities allow the group to obtain variable returns from the BBBEE credentials in the trust. The group therefore controls the trust and the results have therefore been consolidated. The entity is also a shareholder in the 2019 BEE transaction described in note 19.2 of the financial statements.

Intra-group adjustments
All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

41. COMPOSITION OF THE GROUP *continued*

41.1 Information about the composition of the group

The group structure is presented on pages 2 to 3 of this report.

Information about the composition of the group at year-end is as follows:

Subsidiaries	Business type	Principal activity	Profit (loss) for the year 2022 R000	Profit (loss) for the year 2021 R000
Southern Africa				
BECSA Holdings Limited	H	H	**4 467**	4 657
Bell Equipment Company SA Proprietary Limited	O	M	**49 163**	40 238
Bell Equipment Group Services Proprietary Limited	O	G	**134 141**	(80 672)
Bell Equipment Sales South Africa Limited	O	S	**97 800**	33 315
Bell Equipment SA Holdings Limited	H	H	**(1 185)**	(1 330)
I A Bell Equipment Company (Namibia) (Proprietary) Limited *	D	D	**(19)**	(167)
Bell Equipment Company (Swaziland) (Proprietary) Limited	O	S	**(89)**	2 948
K2017044733 (South Africa) (RF) Proprietary Limited	O	B	**1 259**	1 216
Bell Equipment Foundation	O	T	**(236)**	(204)
Bell Equipment Properties SA Proprietary Limited	O	P	**16 560**	16 090
K2019577563 (South Africa) (RF) Proprietary Limited	O	B	**482**	728
Other Africa				
Bell Equipment Zambia Limited	O	S	**34 242**	5 423
Bell PTA (Private) Limited	O	S	**4 046**	104 089
Bell Equipment DRC SARLU *	D	D	**(5 625)**	2 225
Europe				
Bell Equipment International SA	H	H	**7 713**	30 606
Bell International Finance Limited	I	I	**2 516**	1 875
Bell Euro Finance Limited	I	I	**8 305**	9 890
Bell France SAS	O	S	**(6 908)**	6 462
Bell Equipment UK Limited	O	S	**26 746**	50 288
Bell Equipment (Deutschland) GmbH	O	A	**64 508**	39 297
Bell Equipment Russland LLC	R	S	**5 682**	25 968
United States of America				
Bell Equipment North America Inc	O	S	**22 637**	28 447
Australasia				
Bell Equipment Australia Pty Ltd	O	S	**561**	2 303

* Operation was deregistered in the current year.

A - Assembly and manufacturing plant, sales and logistics operation
B - BBBEE company
D - Dormant companies
G - Group services company
H - Holding companies
I - Intra-group loan investment companies
M - Manufacturing plant, sales and logistics operation
O - Operating companies
P - Property investment company
S - Sales operation
T - BBBEE Trust
R - Operations in Russia paused due to prolonged conflict between Russia and Ukraine

41. COMPOSITION OF THE GROUP *continued*

41.2 Entities with a BBBEE ownership

In 2017 and 2019, the group entered into BBBEE ownership transactions relating to Bell Equipment Sales South Africa Limited (BESSA). Details of the transactions are disclosed in notes 19.1 and 19.2. BESSA's principal place of business is South Africa.

Summarised financial information about BESSA is presented below and represents amounts before intra-group eliminations:	**2022 R000**	2021 R000
Non-current assets	**408 262**	457 391
Current assets	**1 106 325**	941 858
Non-current liabilities	**632 915**	745 725
Current liabilities	**686 868**	551 182
Revenue	**3 928 611**	3 026 829
Profit for the year	**97 800**	33 315
Total comprehensive income for the year	**97 800**	33 315

In 2019, the group entered into a BBBEE ownership transaction with effect from 1 January 2020 relating to Bell Equipment Company SA Proprietary Limited (BECSA). Details of the transaction are disclosed in note 19.2. BECSA's principal place of business is South Africa.

Summarised financial information about BECSA is presented below and represents amounts before intra-group eliminations:		
Non-current assets	**307 492**	281 213
Current assets	**3 129 211**	2 191 811
Non-current liabilities	**1 275 935**	1 257 726
Current liabilities	**2 045 709**	1 119 402
Revenue	**6 085 322**	4 136 914
Profit for the year	**49 163**	40 238
Total comprehensive income for the year	**49 163**	40 238

41.3 Significant restrictions

Certain restrictions imposed by the banks and the IDC are reflected in note 38.2.

In terms of a general banking facility held by BESSA, the repayment of capital and interest on intra-group loans as well as dividend payments require approval from the relevant financial institution before such payments are made. At year-end the carrying amount of the intra-group loan in BESSA was R121,6 million (2021: R271,6 million).

Except for the limitations of exchange control regulations, the availability of currency in the local markets in which certain group companies operate and restrictions on the accessing of cash and bank balances in Russia (refer to note 16), there are no other significant restrictions on cash transfers and capital distributions to and from group companies.

42. FINANCING VENTURE WITH WESBANK

42.1 *Accounting policy*

The group has a financing venture with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group. The group's credit backing enables the customer to obtain financing from WesBank and provides no interest benefit to the customer. In terms of the agreement with WesBank, the group earns commission on transactions financed through the financing venture which is accounted for as other operating income.

Capital funding for the venture is provided by WesBank and the group's investment is limited to the 25% cash collateral paid on Bell-backed deals (described in (b) below). WesBank is responsible for ensuring that sufficient capital is made available. WesBank determines the credit pricing of all approved deals for all categories of financing provided. The financial assets within the financing venture are managed by WesBank and the financing venture is dependent on WesBank for critical services such as finance and credit expertise. The group is responsible for promoting financing of equipment through this financing venture and for assisting with the market strategy.

The following categories of financing are provided for in the arrangement:

(a) Transactions where no credit risk is carried by the group
All credit applications are subject to approval by WesBank in its sole discretion. The group carries no credit risk on these transactions.

(b) Specific transactions where the group carries all the credit risk (Bell-backed deals)
These transactions are credit applications that have initially been declined by WesBank but based on the group's backing are financed through the financing venture. Where the group carries all the credit risk, the group is liable for the full balance due to WesBank by default customers. The net credit risk is reflected in note 42.3 below. The group is required to invest an amount with WesBank equal to 25% of the value of the financing provided by WesBank to customers as collateral in respect of these transactions. This investment, which earns interest at the cost of capital of the financing venture, is reflected as contract assets in note 11. The cash investment is adjusted for anticipated credit losses and these are recognised in the statement of profit or loss as an adjustment to revenue (note 42.3).

(c) Specific transactions where the group carries some of the credit risk (Bell-shared risk deals)
In these transactions WesBank requires support either due to the credit risk profile of the customer or the specific structuring of the financing deal. In respect of these shared risk deals, the group is at risk for a portion of the balance due to WesBank by default customers. Applications from customers are categorised into WesBank's risk grading system, by WesBank in its sole discretion, with the risk category determining the level of risk shared by the group. The group's exposure is calculated as a percentage of the net selling price of the equipment. No collateral investment is required by the group to support these transactions. A refund liability is recognised with a corresponding adjustment to revenue to account for anticipated credit losses. The risk of customer default from Bell-shared risk deals is reflected in note 42.4 below.

The group's credit risk exposure with regards to Bell-backed deals and Bell-shared risk transactions are approved and assessed by the group's credit committee.

Revenue recognition of transactions with credit risk undertakings
Where the group has provided a credit backing to customers under Bell-backed or Bell-shared risk deals, revenue is recognised if control over the goods has passed to the customer and the group has satisfied its performance obligation in terms of its contract with the customer.

On initial recognition of revenue, an assessment of the transaction price is performed and revenue is recognised to the extent that it is highly probable that a reversal of revenue will not occur in future periods due to customer default. The security that the group and WesBank have in the financed equipment is taken into consideration in this assessment. A refund liability to WesBank is recognised for the portion of the transaction price not recognised in revenue. Based on the group's history of these transactions, the rate of customer default is low and in the group's judgement the likelihood of reversal of revenue is considered to be insignificant.

The group's net credit risk exposure is disclosed in notes 42.3 and 42.4 below.

Subsequent to initial recognition, where customers are in arrears with WesBank and there is a shortfall between the estimated realisation values of the equipment and the balances due by the customers to WesBank, an assessment of any additional security is done on an individual contract basis and the cash investment is adjusted and a refund liability is recognised to the extent of the group's liability towards WesBank and with a debit to revenue. A corresponding right of recovery asset is recognised for the value of the equipment held as security where the group anticipates repossession of the machine.

In assessing the group's credit risk exposure and the likelihood of reversal of revenue relating to these transactions, the group also uses an expected default rate based on historical trends and forward-looking information to measure expected credit losses on a portfolio basis. The group uses the same inputs and factors and considers the same forward-looking and macroeconomic information as described in the group's accounting policy for impairment of trade receivables (refer to note 14) when measuring the expected credit losses.

Control over WesBank financing venture
Management applied judgement and has used the guidance in IFRS 11 and IFRS 10 in assessing whether the group has a controlling interest in the WesBank financing venture. Consideration is given to the terms of the agreement and the group's decision making rights with regards to the relevant activities of the financing venture. The group only earns commission from transactions financed through the financing venture. Management concludes that the group does not control the relevant activities. The relevant activities are controlled by WesBank.

42. FINANCING VENTURE WITH WESBANK *continued*

		2022 R000	2021 R000
42.2	**Commission**		
	The group's commission for the year included in other operating income amounted to	**120**	922
42.3	**Bell-backed deals**		
	At year-end the group's credit risk exposure to WesBank under Bell-backed deals, for which the group carries all the credit risk, totalled *	**26 724**	112 739
	In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	**50 291**	161 521
		(23 567)	(48 782)
	Less: allowance for expected credit losses against cash collateral	**-**	(5 824)
	Less: refund liability recognised	**-**	(17 471)
	Net credit risk relating to WesBank Bell-backed transactions	**-**	-

* The group's credit risk exposure decreased due to the collection of prior year balances in the current year and less outstanding Bell-backed deals by year-end.

All customer balances in the portfolio were assessed on the basis described in note 42.1 and as a result, the following amounts were recognised with respect to default customers included in the balances above:

	2022 R000	2021 R000
Reversal of revenue	**1 063**	23 295
Reversal of cost of sales	**786**	17 672
Refund liability recognised (note 23.3)	**-**	17 471
Impairment of cash collateral asset (note 11)	**-**	5 824
Right-of-recovery asset recognised (note 13)	**-**	17 672
Write-down of inventory in respect of equipment recovered	**6 139**	-

Based on the insignificant historical loss rate on Bell-backed transactions, market conditions, market prices which are expected to be realised for the equipment held as security, management concluded that the risk of expected credit losses on a portfolio basis was reduced to an insignificant amount.

		2022 R000	2021 R000
	The carrying amount of the 25% cash collateral in respect of these Bell-backed deals at year-end was (refer to note 11)	**6 801**	25 187
42.4	**Bell-shared risk deals**		
	At year-end the group's credit risk exposure to WesBank under Bell-shared risk deals, for which the group carries a portion of the credit risk, totalled	**9**	138
	In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	**56**	449
		(47)	(311)
	Less: refund liability recognised	**-**	-
	Net credit risk relating to WesBank Bell-shared risk transactions	**-**	-

The group's maximum exposure to loss is reflected in notes 42.3 and 42.4 above.

43. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Paid to executive directors of the company by the company's subsidiary:

Executive directors	Salary R000	Pension/ Provident fund R000	Incentive payment R000	Other benefits and allowances R000	2022 Total R000	2021 Total R000
L Goosen	4 711	625	1 193	186	6 715	5 100
KJ van Haght	3 140	413	788	83	4 424	3 423
A Goordeen (appointed 18 June 2021)	2 686	362	691	259	3 998	1 844
Total	10 537	1 400	2 672	528	15 137	10 367

Paid to prescribed officers of the company's subsidiaries by the company's subsidiaries:

Prescribed officers	Salary R000	Pension/ Provident fund R000	Incentive payment R000	Other benefits and allowances R000	2022 Total R000	2021 Total R000
A Goordeen (appointed as an alternate executive director on 18 June 2021)	-	-	-	-	-	1 248
N Paynter (expatriate salary, resigned 31 March 2021)	-	-	-	-	-	1 459
DB Chinnappen	2 820	376	691	307	4 194	3 164
SR Jones	2 749	362	691	77	3 879	2 989
DN Mashika (resigned 31 October 2021)	-	-	-	-	-	3 033
A Mayer (expatriate salary)	4 013	301	881	760	5 955	5 035
DE Morris	2 945	389	743	90	4 167	3 490
JJ van Wyngaardt	2 292	310	592	311	3 505	2 823
D McIlrath	1 776	231	439	28	2 474	1 899
JM Fleetwood (appointed 1 July 2022) *	2 498	337	163	125	3 123	-
TM Du Pisanie (appointed 1 July 2022) *	1 820	246	116	107	2 289	-
PW Badenhorst (appointed 1 July 2022) *	1 802	240	110	165	2 317	-
Total	22 715	2 792	4 426	1 970	31 903	25 140

Other benefits and allowances comprise vehicle allowances, travel allowances and reimbursive allowances, annual leave encashments and the group's contributions to medical aid and life insurance.

* Remuneration is for the full financial year.

Paid to non-executive directors of the company by the company:	2022 Fees R000	2021 Fees R000
Non-executive directors		
JR Barton (resigned 16 February 2022)	-	1 602
AJ Bell	568	582
GW Bell	956	1 060
DH Lawrance	927	1 323
R Naidu	793	1 151
ME Ramathe	692	1 171
HR van der Merwe	803	1 013
U Maharaj (appointed 1 April 2022)	491	-
M Geyer (appointed 1 April 2022)	345	-
Total	5 575	7 902

43. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

The following reconciles the number of unexercised share options held by directors and prescribed officers at the end of the year:

		Balance at 31 December 2020	Forefeited	Expired	Balance at 31 December 2021	**Expired**	**Balance at 31 December 2022**
Executive directors and prescribed officers	Exercise price	Number of options	Number of options	Number of options	Number of options	**Number of options**	**Number of options**
L Goosen	13,06	50 000	-	(50 000)	-	**-**	**-**
	21,35	30 000	-	-	30 000	**(30 000)**	**-**
Total		80 000	-	(50 000)	30 000	**(30 000)**	**-**
KJ van Haght	13,06	50 000	-	(50 000)	-	**-**	**-**
	21,35	30 000	-	-	30 000	**(30 000)**	**-**
Total		80 000	-	(50 000)	30 000	**(30 000)**	**-**
A Goordeen	13,06	50 000	-	(50 000)	-	**-**	**-**
	21,35	30 000	-	-	30 000	**(30 000)**	**-**
Total		80 000	-	(50 000)	30 000	**(30 000)**	**-**
N Paynter (resigned 31 March 2021)	13,06	30 000	(30 000)	-	-	**-**	**-**
	21,35	15 000	(15 000)	-	-	**-**	**-**
Total		45 000	(45 000)	-	-	**-**	**-**
DB Chinnappen	13,06	50 000	-	(50 000)	-	**-**	**-**
	21,35	30 000	-	-	30 000	**(30 000)**	**-**
Total		80 000	-	(50 000)	30 000	**(30 000)**	**-**
A Mayer	13,06	30 000	-	(30 000)	-	**-**	**-**
	21,35	15 000	-	-	15 000	**(15 000)**	**-**
Total		45 000	-	(30 000)	15 000	**(15 000)**	**-**
SR Jones	13,06	30 000	-	(30 000)	-	**-**	**-**
	21,35	15 000	-	-	15 000	**(15 000)**	**-**
Total		45 000	-	(30 000)	15 000	**(15 000)**	**-**
JJ van Wyngaardt	13,06	7 500	-	(7 500)	-	**-**	**-**
	21,35	3 000	-	-	3 000	**(3 000)**	**-**
Total		10 500	-	(7 500)	3 000	**(3 000)**	**-**
GRAND TOTAL		465 500	(45 000)	(267 500)	153 000	**(153 000)**	**-**

43. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

The following reconciles the number of phantom share awards held by directors and prescribed officers at the end of the year:

Executive directors and prescribed officers	Strike price	Balance at 31 December 2020 Number of awards	Granted Number of awards	Expired Number of awards	Forfeited Number of awards	Balance at 31 December 2021 Number of awards	**Granted Number of awards**	**Expired Number of awards**	**Balance at 31 December 2022 Number of awards**
L Goosen	13,53	247 000	-	(82 331)	-	164 669	**-**	**(82 331)**	**82 338**
	-	138 000	-	(46 000)	-	92 000	**-**	**(46 000)**	**46 000**
	12,68	247 000	-	-	-	247 000	**-**	**(82 331)**	**164 669**
	-	138 000	-	-	-	138 000	**-**	**(46 000)**	**92 000**
	8,88	247 000	-	-	-	247 000	**-**	**-**	**247 000**
	-	138 000	-	-	-	138 000	**-**	**-**	**138 000**
	6,52	-	247 000	-	-	247 000	**-**	**-**	**247 000**
	-	-	138 000	-	-	138 000	**-**	**-**	**138 000**
	12,43	-	-	-	-	-	**247 000**	**-**	**247 000**
	-	-	-	-	-	-	**138 000**	**-**	**138 000**
Total		1 155 000	385 000	(128 331)	-	1 411 669	**385 000**	**(256 662)**	**1 540 007**
KJ van Haght	13,53	132 000	-	(44 000)	-	88 000	**-**	**(44 000)**	**44 000**
	-	74 000	-	(24 666)	-	49 334	**-**	**(24 666)**	**24 668**
	12,68	132 000	-	-	-	132 000	**-**	**(44 000)**	**88 000**
	-	74 000	-	-	-	74 000	**-**	**(24 666)**	**49 334**
	8,88	132 000	-	-	-	132 000	**-**	**-**	**132 000**
	-	74 000	-	-	-	74 000	**-**	**-**	**74 000**
	6,52	-	132 000	-	-	132 000	**-**	**-**	**132 000**
	-	-	74 000	-	-	74 000	**-**	**-**	**74 000**
	12,43	-	-	-	-	-	**132 000**	**-**	**132 000**
	-	-	-	-	-	-	**74 000**	**-**	**74 000**
Total		618 000	206 000	(68 666)	-	755 334	**206 000**	**(137 332)**	**824 002**
A Goordeen	13,53	132 000	-	(44 000)	-	88 000	**-**	**(44 000)**	**44 000**
	-	74 000	-	(24 666)	-	49 334	**-**	**(24 666)**	**24 668**
	12,68	132 000	-	-	-	132 000	**-**	**(44 000)**	**88 000**
	-	74 000	-	-	-	74 000	**-**	**(24 666)**	**49 334**
	8,88	132 000	-	-	-	132 000	**-**	**-**	**132 000**
	-	74 000	-	-	-	74 000	**-**	**-**	**74 000**
	6,52	-	132 000	-	-	132 000	**-**	**-**	**132 000**
	-	-	74 000	-	-	74 000	**-**	**-**	**74 000**
	12,43	-	-	-	-	-	**132 000**	**-**	**132 000**
	-	-	-	-	-	-	**74 000**	**-**	**74 000**
Total		618 000	206 000	(68 666)	-	755 334	**206 000**	**(137 332)**	**824 002**
N Paynter	13,53	62 000	-	-	(62 000)	-	**-**	**-**	**-**
(resigned 31 March 2021)	-	35 000	-	-	(35 000)	-	**-**	**-**	**-**
	12,68	62 000	-	-	(62 000)	-	**-**	**-**	**-**
	-	35 000	-	-	(35 000)	-	**-**	**-**	**-**
	8,88	62 000	-	-	(62 000)	-	**-**	**-**	**-**
	-	35 000	-	-	(35 000)	-	**-**	**-**	**-**
	6,52	-	62 000	-	(62 000)	-	**-**	**-**	**-**
	-	-	35 000	-	(35 000)	-	**-**	**-**	**-**
Total		291 000	97 000	-	(388 000)	-	**-**	**-**	**-**
DE Morris	13,53	62 000	-	(20 667)	-	41 333	**-**	**(20 667)**	**20 666**
	-	35 000	-	(11 667)	-	23 333	**-**	**(11 667)**	**11 666**
	12,68	62 000	-	-	-	62 000	**-**	**(20 667)**	**41 333**
	-	35 000	-	-	-	35 000	**-**	**(11 667)**	**23 333**
	8,88	62 000	-	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	-	35 000	**-**	**-**	**35 000**
	6,52	-	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		291 000	97 000	(32 334)	-	355 666	**97 000**	**(64 668)**	**387 998**

43. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

Executive directors and prescribed officers	Strike price	Balance at 31 December 2020 Number of awards	Granted Number of awards	Expired Number of awards	Forfeited Number of awards	Balance at 31 December 2021 Number of awards	**Granted Number of awards**	**Expired Number of awards**	**Balance at 31 December 2022 Number of awards**
DB Chinnappen	13,53	62 000	-	(20 667)	-	41 333	**-**	**(20 667)**	**20 666**
	-	35 000	-	(11 667)	-	23 333	**-**	**(11 667)**	**11 666**
	12,68	62 000	-	-	-	62 000	**-**	**(20 667)**	**41 333**
	-	35 000	-	-	-	35 000	**-**	**(11 667)**	**23 333**
	8,88	62 000	-	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	-	35 000	**-**	**-**	**35 000**
	6,52	-	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		291 000	97 000	(32 334)	-	355 666	**97 000**	**(64 668)**	**387 998**
SR Jones	13,53	62 000	-	(20 667)	-	41 333	**-**	**(20 667)**	**20 666**
	-	35 000	-	(11 667)	-	23 333	**-**	**(11 667)**	**11 666**
	12,68	62 000	-	-	-	62 000	**-**	**(20 667)**	**41 333**
	-	35 000	-	-	-	35 000	**-**	**(11 667)**	**23 333**
	8,88	62 000	-	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	-	35 000	**-**	**-**	**35 000**
	6,52	-	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		291 000	97 000	(32 334)	-	355 666	**97 000**	**(64 668)**	**387 998**
D McIlrath	13,53	62 000	-	(20 667)	-	41 333	**-**	**(20 667)**	**20 666**
	-	35 000	-	(11 667)	-	23 333	**-**	**(11 667)**	**11 666**
	12,68	62 000	-	-	-	62 000	**-**	**(20 667)**	**41 333**
	-	35 000	-	-	-	35 000	**-**	**(11 667)**	**23 333**
	8,88	62 000	-	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	-	35 000	**-**	**-**	**35 000**
	6,52	-	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		291 000	97 000	(32 334)	-	355 666	**97 000**	**(64 668)**	**387 998**
A Mayer	13,53	62 000	-	(20 667)	-	41 333	**-**	**(20 667)**	**20 666**
	-	35 000	-	(11 667)	-	23 333	**-**	**(11 667)**	**11 666**
	12,68	62 000	-	-	-	62 000	**-**	**(20 667)**	**41 333**
	-	35 000	-	-	-	35 000	**-**	**(11 667)**	**23 333**
	8,88	62 000	-	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	-	35 000	**-**	**-**	**35 000**
	6,52	-	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		291 000	97 000	(32 334)	-	355 666	**97 000**	**(64 668)**	**387 998**

43. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

Executive directors and prescribed officers	Strike price	Balance at 31 December 2020 Number of awards	Granted Number of awards	Expired Number of awards	Forfeited Number of awards	Balance at 31 December 2021 Number of awards	**Granted Number of awards**	**Expired Number of awards**	**Balance at 31 December 2022 Number of awards**
JJ van Wyngaardt	13,53	62 000	-	(20 667)	-	41 333	**-**	**(20 667)**	**20 666**
	-	35 000	-	(11 667)	-	23 333	**-**	**(11 667)**	**11 666**
	12,68	62 000	-	-	-	62 000	**-**	**(20 667)**	**41 333**
	-	35 000	-	-	-	35 000	**-**	**(11 667)**	**23 333**
	8,88	62 000	-	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	-	35 000	**-**	**-**	**35 000**
	6,52	-	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		291 000	97 000	(32 334)	-	355 666	**97 000**	**(64 668)**	**387 998**
D Mashika	8,88	62 000	-	-	(62 000)	-	**-**	**-**	**-**
(resigned 31 October 2021)	-	35 000	-	-	(35 000)	-	**-**	**-**	**-**
	6,52	-	62 000	-	(62 000)	-	**-**	**-**	**-**
	-	-	35 000	-	(35 000)	-	**-**	**-**	**-**
Total		97 000	97 000	-	(194 000)	-	**-**	**-**	**-**
JM Fleetwood	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
(appointed 1 July 2022)	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		-	-	-	-	-	**97 000**	**-**	**97 000**
TM Du Pisanie	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
(appointed 01 July 2022)	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		-	-	-	-	-	**97 000**	**-**	**97 000**
PW Badenhorst	12,43	-	-	-	-	-	**62 000**	**-**	**62 000**
(appointed 01 July 2022)	-	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		-	-	-	-	-	**97 000**	**-**	**97 000**
GRAND TOTAL		4 525 000	1 573 000	(459 667)	(582 000)	5 056 333	**1 670 000**	**(919 334)**	**5 806 999**

44. GOVERNMENT GRANTS

Accounting policy

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the acquisition of property, plant and equipment are included in the carrying amount of the asset and released to profit or loss over the expected useful lives of the assets concerned as a reduced depreciation expense.

Profit from operating activities includes the following government grants:	**2022 R000**	2021 R000
- The Automotive Production Development Programme (APDP) *	**144 351**	90 884

* This income relates to production rebate certificates the group received under the programme and which were sold to another party. Refer to notes 14 and 28.

Included in property, plant and equipment are the following government grants:		
- The Automotive Investment Scheme (AIS)	**7 911**	4 125
- Improvement of Regional Economic Structures Programme (GRW) **	**23 509**	22 984

** The programme is a cash incentive grant from the German authorities to advance current capital projects. The investment grant was earmarked for a period of 5 years up to the end of 2022, but was extended in the current year to 2023, and was awarded for the building construction at the group's assembly facility in Germany.

Information not covered by the independent auditor's report
Shareholder analysis

Register date: 31 December 2022 Issued share capital: 95 629 385	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 - 1,000 shares	5 145	87,32	350 515	0,37
1,001 - 10,000 shares	538	9,13	2 066 052	2,16
10,001 - 100,000 shares	173	2,94	5 131 911	5,37
100,001 - 1,000,000 shares	28	0,47	10 833 917	11,33
1,000,001 shares and over	8	0,14	77 246 990	80,77
Totals	**5 892**	**100,00**	**95 629 385**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Banks/Brokers	20	0,34	5 065 937	5,30
Close Corporations	16	0,27	3 245 137	3,39
Endowment Funds	4	0,07	22 639	0,02
Individuals	5 646	95,82	5 888 410	6,16
Insurance Companies	6	0,10	1 529 585	1,60
Investment Companies	1	0,02	30 000	0,03
Medical Schemes	1	0,02	70 000	0,07
Mutual Funds	31	0,53	10 678 202	11,17
Other Corporations	10	0,17	42 889	0,05
Own Holdings	1	0,02	32 233	0,03
Private Companies	65	1,10	67 552 572	70,64
Retirement Funds	23	0,39	904 818	0,95
Trusts	68	1,15	566 963	0,59
Totals	**5 892**	**100,00**	**95 629 385**	**100,00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non - Public Shareholders	**15**	**0,28**	**67 467 879**	**70,55**
Directors & Associates of the Company	12	0,20	395 553	0,41
Bell Equipment Share Scheme	1	0,02	32 233	0,04
Strategic Holders of more than 10%	2	0,06	67 040 093	70,10
Public Shareholders	**5 877**	**99,72**	**28 161 506**	**29,45**
Totals	**5 892**	**100,00**	**95 629 385**	**100,00**
RESIDENT/NON-RESIDENT				
Resident	5 827	98,90	91 978 195	96,18
Non-Resident	65	1,10	3 651 190	3,82
Totals	**5 892**	**100,00**	**95 629 385**	**100,00**
TOP 10 BENEFICIAL SHAREHOLDERS				
I A Bell And Company (Pty) Ltd			67 040 093	70,10
Ninety One			3 741 324	3,91
Clark, IAJ			3 119 220	3,26
Allan Gray			3 003 108	3,14
Sanlam			2 624 153	2,74
Pershing			1 545 769	1,62
Perspective Investment Management			972 662	1,02
Clearstream Banking SA Luxembourg			908 220	0,95
AG Capital			799 599	0,84
Gilmour, S			696 111	0,73
Totals			**84 450 259**	**88,31**
TOP 10 INSTITUTIONAL SHAREHOLDERS				
Allan Gray Asset Management			4 580 587	4,79
Ninety One			4 004 268	4,19
Sanlam Investment Management			2 617 371	2,74
Pershing Llc			1 545 769	1,62
Perspective Investment Management			972 662	1,02
Clearstream Banking SA Luxembourg			908 220	0,95
AG Capital			799 599	0,84
RMB Securities			483 700	0,51
Peresec Prime Brokers			465 365	0,49
CounterPoint Asset Management			418 489	0,44
Totals			**16 796 030**	**17,59**

Shareholder analysis *continued*

		Indirect	Number of shares	%
Directors & Associates of the Company				
Bell, GW	Chairman	**109 660**	**253 600**	**0,27**
Bell, GW			253 600	0,27
Bell, QI		29 500		
Bell, MO		29 259		
Bell, RL		23 400		
Bell, JM		2 200		
Bell, L		25 000		
Bell, MJ		301		
Goosen, L	CEO		**20 040**	**0,02**
Goosen, L			20 040	0,02
Bell, AJ	Non-executive director		**2 598**	**0,00**
Bell, AJ			2 598	0,00
Mayer, A	Subsidiary director		**2 000**	**0,00**
Mayer, A			2 000	0,00
Du Pisanie, TM	Subsidiary director		**5 655**	**0,01**
Du Pisanie, TM			5 655	0,01
Harie, B	Shareholder in subsidiary		**1 000**	**0,00**
Harie, B			1 000	0,00
Mabaso-Koyana, SN	Shareholder in subsidiary		**1 000**	**0,00**
Mabaso-Koyana, SN			1 000	0,00
Totals		**109 660**	**285 893**	**0,30**
BELL EQUIPMENT SHARE SCHEME				
Bell Equipment			32 233	0,03
Totals			**32 233**	**0,03**
STRATEGIC HOLDERS OF MORE THAN 10%				
I A Bell And Company (Pty) Ltd			67 040 093	70,10
Totals			**67 040 093**	**70,10**

	Number of shareholdings	%	Number of shares	%
RESIDENT/NON-RESIDENT SPLIT				
South Africa	5 827	98,90	91 978 195	96,18
United States	6	0,10	1 968 125	2,06
Luxembourg	1	0,02	908 220	0,95
France	3	0,05	210 334	0,22
Namibia	17	0,28	202 131	0,21
Germany	3	0,05	164 100	0,18
Eswatini	7	0,12	113 737	0,12
United Kingdom	4	0,07	57 598	0,06
New Zealand	5	0,08	13 600	0,02
Australia	1	0,02	4 200	0,00
Mauritius	1	0,02	3 000	0,00
Switzerland	1	0,02	3 000	0,00
Denmark	1	0,02	2 300	0,00
Zimbabwe	2	0,03	383	0,00
Botswana	1	0,02	270	0,00
UAE	5	0,08	180	0,00
Lesotho	5	0,08	8	0,00
Western Sahara	1	0,02	3	0,00
Cape Verde	1	0,02	1	0,00
Totals	**5 892**	**100,00**	**95 629 385**	**100,00**

Shareholder diary

Financial year-end	31 December
Integrated annual report	April 2023
Annual general meeting	31 May 2023
Interim results announcement	September 2023

Information not covered by the independent auditor's report Glossary

ADT	Articulated Dump Truck
AGM	Annual General Meeting
AIS	Automotive Investment Scheme
ALC	American Logistics Centre
APDP	Automotive Production and Development Programme
Bell Equipment or Bell or the group	Bell Equipment Limited and its subsidiaries
BEE or BBBEE	Black Economic Empowerment or Broad Based Black Economic Empowerment
BEE Manco	K2019577563 (South Africa) (RF) Proprietary Limited
BECSA	Bell Equipment Company SA Proprietary Limited
BECSA Holdings	BECSA Holdings Limited
BEF	Bell Equipment Foundation
BEGS	Bell Equipment Group Services Proprietary Limited
BENA	Bell Equipment North America Inc.
BESSA	Bell Equipment Sales South Africa Limited
BESSA BEE SPV	K2017044733 (South Africa) (RF) Proprietary Limited
BHL	Bell Equipment SA Holdings Limited
CEO	Chief Executive
CFO	Chief Financial Officer
CGU	Cash Generating Unit
Companies Act	Companies Act of South Africa No 71 of 2008 (as amended)
DRC	Democratic Republic of the Congo
ELC	European Logistics Centre
FD	Financial Director
GEC	Group Executive Committee
GLC	Global Logistics Centre
HEPS	Headline earnings per share
IDC	Industrial Development Corporation of South Africa Limited
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
JSE	Johannesburg Stock Exchange Limited
King III	King Code of Governance Principles and the King Report on Governance
King IV	King IV Report on Corporate Governance in South Africa 2016
MOI	Memorandum of Incorporation
NPAT	Net Profit after Tax
OEM	Original Equipment Manufacturer
ROIC	Return on Invested Capital
SAICA	South African Institute of Chartered Accountants
SENS	Stock Exchange News Service
Sibi	Sibi Capital Proprietary Limited

Information not covered by the independent auditor's report
Corporate information

BELL EQUIPMENT LIMITED
Registration Number: 1968/013656/06

JSE SHARE CODE
BEL

ISIN CODE
ZAE000028304

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JSE SPONSOR
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