BELL EQUIPMENT LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS
31 December 2023

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31 December 2023

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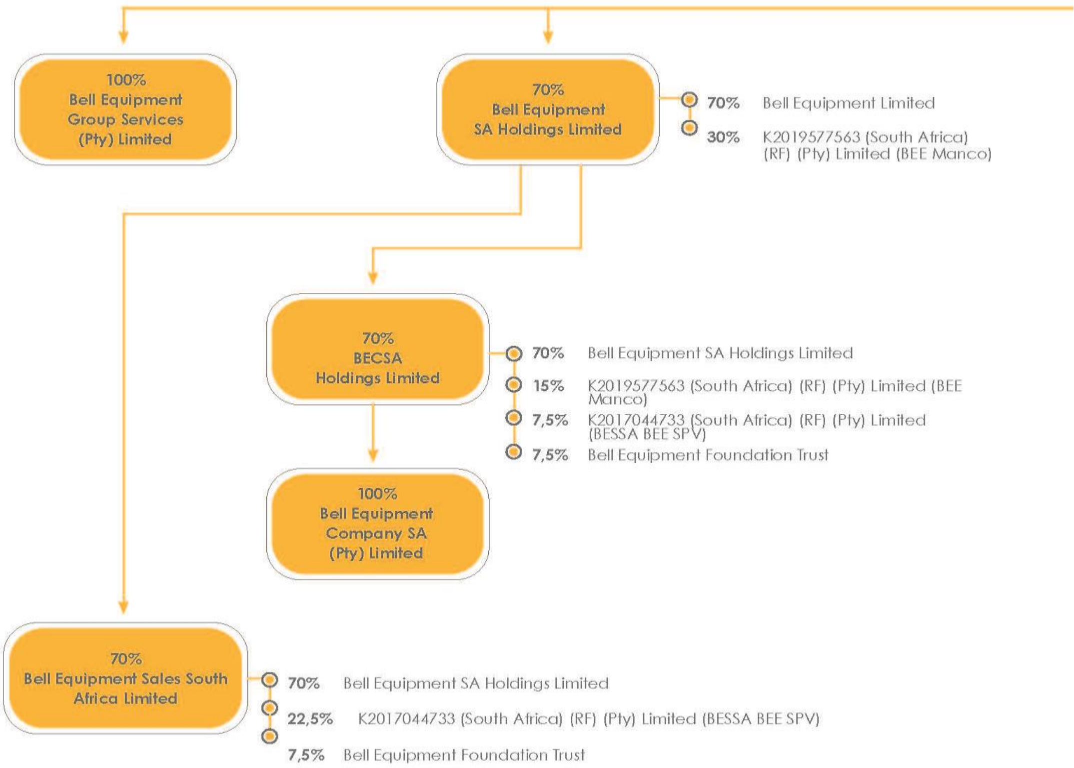
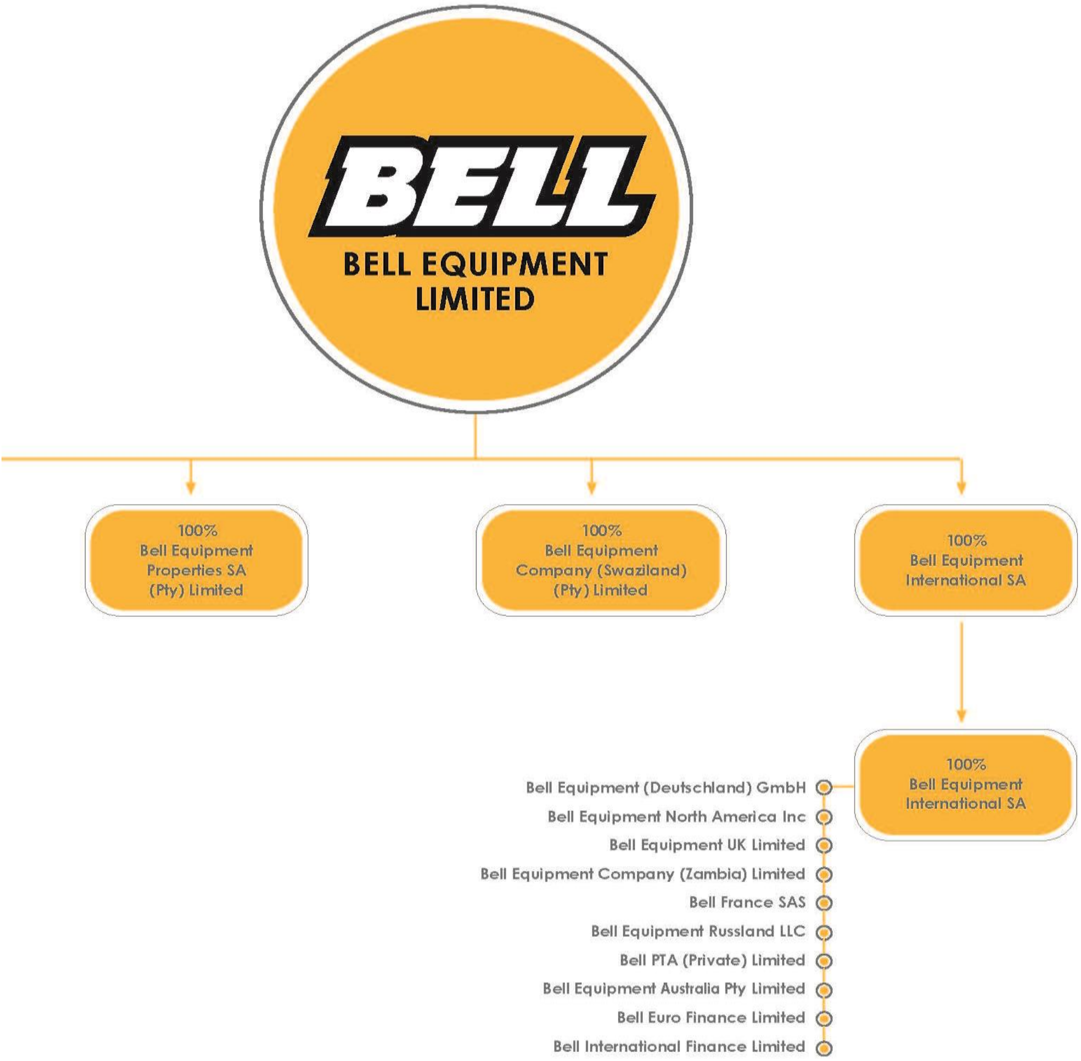
BELL EQUIPMENT LIMITED
GLOBAL CORPORATE STRUCTURE
31 December 2023



BELL EQUIPMENT LIMITED
GLOBAL CORPORATE STRUCTURE (continued)
31 December 2023



BELL EQUIPMENT LIMITED
RESPONSIBILITY FOR FINANCIAL STATEMENTS
31 December 2023

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 2023, which appear on pages 6 to 12 and 19 to 91, has been supervised by the group finance director of Bell Equipment Limited, Mrs KJ van Haght.

KJ van Haght CA(SA)
Group finance director
28 March 2024

Approval of the annual financial statements
for the year ended 31 December 2023

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 28 March 2024 and are signed on their behalf by:

Gary Bell
Non-executive chairman
28 March 2024

Ashley Bell
Chief executive

Declaration by Chief Executive (CEO) and Chief Financial Officer (CFO)
for the year ended 31 December 2023

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

a. the annual financial statements set out on pages 19 to 91, 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;
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 steps to remedy the deficiencies.
f. We are not aware of any fraud that involves directors.

Ashley Bell
Group CEO
28 March 2024

Karen van Haght
Group CFO

Certification by Group Company Secretary
for the year ended 31 December 2023

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.

D McIlrath
Company secretary
28 March 2024

The directors submit the annual financial statements for the group (Bell Equipment Limited and its subsidiaries) for the year ended 31 December 2023.

NATURE OF BUSINESS

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

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 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 2023 comprised 95 629 385 (December 2022: 95 629 385) ordinary shares of no par value.

DIVIDEND CONSIDERATION

Over the last two financial years we gained pleasing traction in realising our planned growth, and we will continue along this path. By its nature, growth in our business requires significant working capital investments in inventory and receivables. With this in mind, coupled with a reflection on current volatile global political and economic uncertainties, the Board has resolved to preserve cash resources rather than paying a dividend at this time. This will be reviewed at the interim results stage.

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

Leon Goosen resigned as CEO and director with effect from 31 December 2023. Ashley Bell, a non executive director of the board, was appointed as the CEO with effect from 1 January 2024.

Prior to his appointment as CEO, Ashley served as a member of the risk and sustainability committee in his capacity as a non executive director. In light of Ashley's new role as executive director, Ushadevi Maharaj, an independent non executive director, was appointed to this committee effective 1 January 2024. Ashley continues to serve on the risk and sustainability committee, as well as the social, ethics, and transformation committee, now in his capacity as CEO.

Avishkar Goordeen, previously the alternate director to Leon Goosen, was appointed as the alternate director to Ashley Bell effective 1 January 2024. Such appointment will be taken to the shareholders for approval at the forthcoming AGM on 31 May 2024.

Hennie van der Merwe, Derek Lawrance and Ushadevi Maharaj 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 leadership report of the integrated annual report when distributed.

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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
GW Bell	253 600	253 600	16 089 622	16 089 622	109 660	109 660
AJ Bell*	2 598	2 598	-	-	-	-
L Goosen**	31 300	20 040	-	-	-	-
U Maharaj	-	-	-	-	33	33

** appointed as CEO on 1 January 2024*
*** resigned as CEO and director with effect from 31 December 2023*

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 42 to the annual financial statements.

MAJOR SHAREHOLDER

The major shareholder in Bell Equipment Limited as at 31 December 2023 was:

	2023	**2022**
I A Bell & Company Proprietary Limited	70.10%	70.10%

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

GROUP COMPANY SECRETARY

The group company secretary is Diana McIlrath. Her particulars and business address appear on page 95 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.

SUBSEQUENT EVENTS

No fact or circumstance material to the appreciation of this report has occurred between 31 December 2023 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
28 March 2024

Ashley Bell
Chief executive

The audit committee ('the committee') is pleased to present its report for the financial year ended 31 December 2023. The committee carried out its statutory responsibilities in terms of section 94(7) of the Companies Act and the report is in compliance with the provisions of the Companies Act, the JSE Listings Requirements and King IV.

The committee conducted its work in accordance with its board approved charter that is in line with the Companies Act, which is annually reviewed and updated, where required.

COMPOSITION

The 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.

In terms of the Companies Act, at the 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 2023 AGM to serve until the next AGM in May 2024.

The committee was chaired by independent non executive director Derek Lawrance, and comprised three additional independent non executive directors, Mamokete Ramathe, Rajendran Naidu and Ushadevi Maharaj.

The chairman of the board, the chief executive and group finance director have a standing invitation to attend the meetings of the committee. The chairman of the board is however not a member of the committee. The group company secretary is the secretary of the committee.

The committee is satisfied that for the 2023 year:
• the committee, acting as a collective, was adequately skilled to perform its role having regard to the size and circumstances of the company. The collective skills of the committee 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;
• 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 the day-to-day management of the company.

The following directors, whose profiles including their qualifications will appear in the integrated annual report when distributed, have been nominated to the committee, subject to shareholders election at the AGM to be held on Friday, 31 May 2024:
• Derek Lawrance
• Mamokete Ramathe
• Rajendran Naidu
• Ushadevi Maharaj

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.

FREQUENCY AND ATTENDANCE OF MEETINGS

During the year under review, four 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	**27 March 2023**	**31 May 2023**	**6 September 2023**	**14 November 2023**
Derek Lawrance (chairman)	✔	✔	✔	✔
Mamokete Ramathe	✔	✔	✔	✔
Rajendran Naidu	✔	✔	✔	✔
Ushadevi Maharaj	✔	✔	✔	✔

OBJECTIVE AND SCOPE

The committee's main objective is to assist the board in fulfilling its oversight responsibilities, in particular 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 auditors 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 in particular ensuring that the combined assurance received is appropriate to address all the significant risks facing the group. The committee has monitored the relationship between the external assurance providers and 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 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

Deloitte & Touche remained the company's external auditor for the 2023 financial year and its appointment will terminate upon the conclusion of the audit of the financial year ended 31 December 2023.

The committee assessed the suitability of the incumbent external auditor, Deloitte & Touche and the designated engagement partner, Mr. Andrew Kilpatrick, as contemplated in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements.

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.

In 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.

Subject to its appointment at the company's AGM on 31 May 2024, PWC will be the company's auditors for the financial year ending 31 December 2024.

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 2023 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 auditors 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 during the reporting period 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 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.

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 committee has satisfied itself that the internal auditor reports functionally to the audit committee.

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 2023 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 control 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 to address 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.

NEW ACCOUNTING STANDARDS

The introduction of *IFRS17: Insurance Contracts* during the year has resulted in a change in accounting policy relating to the treatment of financial guarantee contracts in the financial statements of the company. These contracts are now fair valued in accordance with IFRS 9: Financial Instruments, with disclosure in terms of *IFRS 7: Financial Instruments: Disclosures* . This change has been applied retrospectively. The committee is satisfied with these changes in the financial statements of the company and has also considered all new standards interpretations and amendments to standards in issue that still need to be adopted but are likely to affect the financial reporting in future years. The committee is satisfied that these are not expected to have a material impact on the financial statements of the group and company.

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.

GOING CONCERN, ANNUAL FINANCIAL STATEMENTS AND INTEGRATED ANNUAL REPORT
The committee considered the Bell Equipment Limited consolidated and company financial statements for the year ended 31 December 2023.

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 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 2023, 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. In conjunction with other board committees, the committee considered the non financial information disclosed in the 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 2023 audited annual financial statements (of which this report forms part) and the 2023 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 and the board concurred with this assessment.

Derek Lawrance
Chairman
Audit committee
28 March 2024

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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 (the Group) set out on pages 19 to 91, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bell Equipment Limited and its subsidiaries as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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 that the approach to the valuation and the model used was based on appropriate valuation principles and consistent with the prior year methodology employed; • 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;

Key Audit Matter	How the matter was addressed in the audit
Impairment of intangible assets and property, plant, and equipment (continued)	
	• Reviewed the reasonableness of the discount rates applied by the directors to obtain the FVLCTS for the relevant CGU components. • We engaged our internal valuation specialists and they performed the following: ➢ 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 • 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 CGU components, 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 2023", 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 2023" 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 others.

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.

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 or 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.

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

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

Report on Other Legal and Regulatory Requirements

In 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 30 years.

Deloitte & Touche
Registered Auditor
902276

DocuSigned by:
F0942A250287470...
Per: ______________________

Partner
Andrew Kilpatrick CA(SA); RA
The Skye, 2 Vuna Close, Umhlanga Ridge, 4319

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28-03-2024
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BELL EQUIPMENT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	2023 R000	2022 R000
ASSETS			
Non-current assets		2 025 089	1 894 149
Property, plant and equipment	7	1 006 083	944 480
Right-of-use assets	8	414 557	367 902
Intangible assets	9	279 430	260 225
Investments	10	35 731	62 935
Interest-bearing receivables and contract assets	11	15 067	44 187
Deferred taxation	12	274 221	214 420
Current assets		8 509 494	6 756 576
Inventory	13	5 726 561	4 751 990
Trade and other receivables	14	1 989 385	1 278 094
Interest-bearing receivables and contract assets	11	179 042	231 242
Other assets	15	318 923	231 222
Current taxation assets		43 797	35 428
Cash and bank balances	16	251 786	228 600
TOTAL ASSETS		10 534 583	8 650 725
EQUITY AND LIABILITIES			
Capital and reserves		5 285 016	4 365 208
Stated capital	17	235 541	235 541
Non-distributable reserves	18	1 222 677	1 008 484
Retained earnings		3 753 260	3 076 317
Attributable to owners of Bell Equipment Limited		5 211 478	4 320 342
Non-controlling interest	19	73 538	44 866
Non-current liabilities		1 030 692	870 682
Interest-bearing liabilities	20	157 466	193 069
Lease liabilities	21	433 451	388 943
Contract liabilities	22	226 526	116 159
Refund liabilities	23	-	4 357
Provisions	24	92 852	78 254
Other liabilities	25	38 824	19 270
Deferred taxation	12	81 573	70 630
Current liabilities		4 218 875	3 414 835
Trade and other payables	26	1 903 599	1 627 003
Interest-bearing liabilities	20	637 909	652 054
Lease liabilities	21	76 403	50 284
Contract liabilities	22	281 446	319 894
Refund liabilities	23	34 287	34 149
Provisions	24	206 114	142 482
Other liabilities	25	24 301	10 683
Current taxation liabilities		62 793	46 923
Bank overdrafts and borrowings on call	38.2	992 023	531 363
TOTAL EQUITY AND LIABILITIES		10 534 583	8 650 725

BELL EQUIPMENT LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2023

	Notes	2023 R000	2022 R000
Revenue	27	13 513 560	10 276 220
Cost of sales		(10 812 025)	(8 244 734)
Gross profit		2 701 535	2 031 486
Other operating income		339 514	260 134
Distribution costs		(971 116)	(811 947)
Administration expenses		(151 046)	(114 851)
Factory operating expenses *		(725 176)	(659 634)
Profit from operating activities	28	1 193 711	705 188
Net interest expense		(113 563)	(59 465)
Interest expense	29	(196 768)	(136 977)
Interest income	30	83 205	77 512
Profit before taxation		1 080 148	645 723
Taxation	31.1	(286 582)	(166 872)
Profit for the year		793 566	478 851
Profit for the year attributable to:			
- Owners of Bell Equipment Limited		763 606	456 846
- Non-controlling interest		29 960	22 005
		Cents	**Cents**
Earnings per share			
Basic	32.1	799	478
Diluted	32.2	744	357

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

BELL EQUIPMENT LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes	2023 R000	2022 R000
Profit for the year		793 566	478 851
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the year		249 246	25 659
Exchange differences on translating foreign operations	18	249 246	31 008
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:		(34 603)	47 797
Surplus arising on revaluation of properties	18	-	58 051
Taxation relating to revaluation of properties	31.2	-	(13 223)
Fair value (loss) gain on investments designated as at fair value through other comprehensive income *	18	(34 603)	2 969
Other comprehensive income for the year, net of taxation		214 643	73 456
Total comprehensive income for the year		1 008 209	552 307
Total comprehensive income for the year attributable to:			
- Owners of Bell Equipment Limited		978 249	530 302
- Non-controlling interest		29 960	22 005

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

BELL EQUIPMENT LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	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 2022	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
Total comprehensive income attributable to owners of Bell Equipment Limited	-	214 643	763 606	978 249	-	978 249
Total comprehensive income attributable to non-controlling interest	-	-	-	-	29 960	29 960
Decrease in BBBEE share-based payment reserve	-	(450)	-	(450)	-	(450)
Dividends paid **	-	-	(86 663)	(86 663)	(1 288)	(87 951)
Balance at 31 December 2023	235 541	1 222 677	3 753 260	5 211 478	73 538	5 285 016

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

** The directors declared a final gross cash dividend of 90 cents (2022: 50 cents) per share which was paid during the 2023 financial year.

BELL EQUIPMENT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	2023 R000	2022 R000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	A	671 969	(26 108)
Interest paid	B	(214 079)	(122 173)
Interest received	C	123 955	89 816
Taxation paid	D	(330 487)	(157 839)
Net cash generated from (utilised in) operating activities		251 358	(216 304)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of additional property, plant and equipment and intangible assets		(212 311)	(130 740)
Proceeds on disposal of property, plant and equipment		4 481	5 008
Proceeds on disposal of listed investments		-	3 455
Net cash utilised in investing activities		(207 830)	(122 277)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest-bearing liabilities raised	E	966 599	1 245 231
Interest-bearing liabilities repaid	E	(1 294 464)	(795 665)
Lease liabilities repaid		(65 186)	(47 914)
Dividends paid		(87 951)	(48 832)
Net cash (utilised in) generated from financing activities		(481 002)	352 820
Net (decrease) increase in cash for the year		(437 474)	14 239
Net bank overdrafts and borrowings on call at beginning of the year		(302 763)	(317 002)
Net bank overdrafts and borrowings on call at end of the year *	F	(740 237)	(302 763)
		-	-

* Refer to note 16 for restricted cash and bank balances.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

		Notes	2023 R000	2022 R000
A	**Cash generated from (utilised in) operations**			
	Profit from operating activities		1 193 711	705 188
	Adjustments for non-cash items:			
	Amortisation of intangible assets	9	35 992	44 531
	Depreciation of property, plant and equipment	7	115 056	141 993
	Depreciation of right-of-use assets	8	85 274	58 474
	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 loss (surplus) on disposal of property, plant and equipment and right-of-use assets		155	(1 828)
	(Decrease) increase in allowance for expected credit losses		(5 338)	7 629
	Amounts written off as credit impaired	28	1 257	5 065
	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		35 935	35 901
	Increase in provisions		68 942	67 316
	Net gain arising on financial assets and financial liabilities at fair value through profit or loss		(8 850)	(9 953)
	Exchange differences on translation of foreign subsidiaries		7 677	15 453
	Unrealised exchange differences on trade and other receivables and payables		(11 700)	11 227
	Increase in cash-settled employee share award liability	25	41 403	18 200
	Net non-cash movements in contract liabilities		(22 827)	43 075
	Net non-cash movements in refund liabilities		(6 996)	(9 297)
	Cash generated from operations before working capital changes		1 529 691	1 131 187
	Increase in inventory		(769 350)	(1 207 354)
	Increase in trade and other receivables		(650 808)	(266 515)
	Increase in other assets		(76 246)	(101 293)
	Decrease in other liabilities		(8 961)	-
	Increase in trade and other payables		519 067	415 363
	Decrease (increase) in interest-bearing receivables		93 892	(39 214)
	Increase in contract liabilities		50 632	32 967
	Decrease in refund liabilities		-	(17 471)
	(Increase) decrease in contract assets	11	(15 948)	26 222
	Total cash generated from (utilised in) operations		671 969	(26 108)
B	**Interest paid**			
	Interest accrued at beginning of the year		17 491	4 859
	Add: interest expense	29	196 768	136 977
	Less: interest charged to profit or loss relating to lease liabilities	29	(47 820)	(37 180)
	Add: interest portion of lease payments made on lease liabilities		45 472	35 008
	Less: interest accrued at end of the year		2 168	(17 491)
	Total interest paid		214 079	122 173
C	**Interest received**			
	Interest accrued at beginning of the year		5 322	3 883
	Add: interest income	30	83 205	77 512
	Less: deferred finance income from contract liabilities recognised as revenue	22.4	(41 199)	(35 164)
	Add: deferred finance income from contracts sold	22.4	80 093	48 907
	Less: interest accrued at end of the year		(3 466)	(5 322)
	Total interest received		123 955	89 816
D	**Taxation paid**			
	Net taxation owing at beginning of the year		(11 495)	(1 617)
	Taxation charge for the year:			
	South African normal taxation	31.1	(269 076)	(105 080)
	Foreign taxation	31.1	(62 542)	(57 841)
	Withholding taxation	31.1	(904)	(1 235)
	Other corporate taxation	31.1	(791)	(501)
	Translation differences		(4 675)	(3 060)
	Net taxation owing at end of the year		18 996	11 495
	Total taxation paid		(330 487)	(157 839)

		Notes	2023 R000	2022 R000
E	**Interest-bearing liabilities**			
	Total interest-bearing liabilities at beginning of the year		845 123	378 644
	Translation differences		22 757	1 095
	Increase in supply chain finance liability		258 694	-
	Interest-bearing liabilities raised		966 599	1 245 231
	Interest-bearing liabilities repaid		(1 294 464)	(795 665)
	Interest (repaid) accrued		(3 334)	15 818
	Total interest-bearing liabilities at end of the year	20	795 375	845 123
F	**Net bank overdrafts and borrowings on call**			
	Bank overdrafts and borrowings on call	38.2	(992 023)	(531 363)
	Cash and bank balances	16	251 786	228 600
	Net bank overdrafts and borrowings on call at end of the year		(740 237)	(302 763)

G **Classification of interest, taxation and dividends**

The group considers cash flows from interest paid, interest income and taxation paid as part of operating activities as these transactions are included in the determination of profit or loss.

Cash flows from dividends paid are transactions with shareholders and are considered to be a cost of obtaining financial resources and therefore are classified as part of financing activities.

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 95 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 material 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, except as reflected in note 3.1.

2 ACCOUNTING FRAMEWORK (continued)

2.2 Material 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 2023.

3.1 New and amended standards adopted

The following new standard has been adopted in these financial statements:

New

IFRS 17 - Insurance Contracts

The impact and scope requirements of *IFRS 17 Insurance Contracts* was assessed, particularly with regards to extended warranties and certain service contracts, and it was concluded that the standard had no significant impact on the group's financial statements. Refer to the separate financial statements of the company for the impact on financial guarantee contracts.

Amended

The following amended standards with an effective date of 1 January 2024, were adopted by the group in the current year due to the supplier financing arrangement that was entered into with a financial institution as disclosed in notes 20.3 and 38.2.1.3:

IAS 7 - Statement of Cash Flows: Amendments regarding supplier finance arrangements

IFRS 7 - Financial Instruments: Disclosures: Amendments regarding supplier finance arrangements

All other amended standards adopted by the group 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 amended standards relevant to the group were in issue but not yet effective.

	Effective date for annual periods beginning on or after:
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 as current or non-current	1 January 2024
IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability	1 January 2025
IFRS 16 - Leases: Amendments regarding lease liability in a sale and leaseback transaction	1 January 2024

All of the 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 notes 27.1.4 and 34.2.1)
- effects of the time value of money relating to deferred service contract revenue, extended warranty contracts and instalment sale agreements (refer to notes 22, 27.1.5, 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)

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 future achievement of the HEPS and ROIC performance conditions and inputs into the fair valuation model (refer to note 33.1)

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 current intention is to settle the parties 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 16,2% (2022: 19,6%)
- terminal growth rate of 4,5% (2022: 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 2023

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 2023 the market capitalisation and net asset value of the group were R2,2 billion (2022: R1,5 billion) and R5,3 billion (2022: R4,4 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. Refer to note 5.1 below.
- 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.

5.1 Impairment considerations of the OEM CGU

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

	2023			2022		
	Weighted Average Cost of Capital		Terminal	Weighted Average Cost of Capital		Terminal
	Low	High	growth rate	Low	High	growth rate
Operations comprising the OEM CGU	%	%	%	%	%	%
Manufacturing operations						
- BECSA	23.4	25.8	4.5	23.5	25.4	4.5
- Kindel	11.3	12.4	2.0	11.7	12.9	2.0
Logistics operations						
- Alsfeld	11.0	12.1	2.0	11.3	12.5	2.0
- BENA	16.4	17.5	2.0	13.7	14.8	2.0
OEM						
- BEGS	28.3	30.2	4.5	27.3	29.2	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 – 10,58% (2022: 10,78%) based on the yield of the R2032 South African Government bond as at year-end;
• Kindel and Alsfeld – 2,26% (2022: 2,45%) based on the average yield on the 30-year Germany Government bond as at year-end;
• BENA – 4,20% (2022: 4,14%) based on the yield on the US 20 year treasury bonds as at year-end.
- Market risk premium – a market risk premium of 6,5% (2022: 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% (2022: 6,0%), to take into account the market risk premium typically applied in that market.
- Beta co-efficient for BECSA and BEGS of 1,11 (2022: 1,08), for BENA of 1,12 (2022: 1,09) and for Kindel and Alsfeld of 1,10 (2022: 1,07) were used.
- Company specific risk premiums, taking into consideration the business models and risks of the businesses, of in the range of 5% to 15% (2022: 15% to 25%) for BECSA, in the range of 0% to 10% (2022: 0% to 10%) for Kindel, in the range of 45% to 55% (2022: 40% to 50%) for BEGS, in the range of 40% to 50% (2022: 15% to 25%) for BENA and in the range of 0% to 10% (2022: 0% to 10%) for Alsfeld, were applied.
- Cost of debt – a credit spread of 2% (2022: 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% (2022: 80%) equity and 20% (2022: 20%) debt, based on comparator companies, was assumed.
- The prevailing corporate tax rates in the respective jurisdictions were used.

5 IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

5.1 Impairment considerations of the OEM CGU (continued)

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 R7,1 billion (2022: R5,2 billion), compared with the carrying amount of the sum of the operations comprising the OEM CGU of R2,8 billion (2022: R1,9 billion).

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

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 2023. As part of its assessment to determine if inventories were impaired, management categorised inventory by type (new equipment, used equipment and parts by product), ageing and market into which the inventory is expected to be sold.

All inventory is valued at the lower of cost and net realisable value. At 31 December 2023, an amount of R406,1 million (2022: R313,2 million) included in inventory was carried at net realisable value. Included in cost of sales in the current year is an amount of R94,5 million (2022: R55,1 million) in respect of write-downs of inventory.

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 prior year as part of the three-year revaluation cycle. No impairment of property, plant and equipment was considered necessary.

5 IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

5.2 Impairment considerations of specific asset categories (continued)

5.2.4 *Intangible assets*

A review was conducted of capitalised engineering development costs and no projects (December 2022: R9,3 million) were discontinued or 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 R2,2 million (2022: 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 2023, 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 lenders continue to support the business.

The group’s net debt at 31 December 2023 has increased since 2022 to approximately R1,5 billion (2022: R1,1 billion).

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)**

	Manufacturing, assembly, logistics and dealer sales operations		Direct Sales operations			
	SOUTH AFRICA	EUROPE	SOUTH AFRICA	REST OF AFRICA	OTHER OPERATIONS AND INTER-SEGMENTAL ELIMINATIONS *	CONSOLIDATED
2023	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
**Revenue ** **						
External revenue	2 575 143	5 663 734	4 385 942	888 741	-	13 513 560
Inter-segment revenue	6 109 345	512 328	23 024	166	(6 644 863)	-
Total revenue	8 684 488	6 176 062	4 408 966	888 907	(6 644 863)	13 513 560
Profit (loss) from operating activities	833 988	158 280	220 396	113 775	(132 728)	1 193 711
Interest expense	(177 495)	(38 223)	(78 117)	(2 355)	99 422	(196 768)
Interest income	68 851	5 841	51 316	76	(42 879)	83 205
Taxation	(189 966)	(45 718)	(60 172)	(27 512)	36 786	(286 582)
Profit (loss) for the year	535 378	80 180	133 423	83 984	(39 399)	793 566
Segment assets	6 809 847	3 551 137	1 677 347	330 002	(1 833 750)	10 534 583
Segment liabilities	5 335 416	1 776 828	1 350 701	64 598	(3 277 976)	5 249 567
Other information						
Additions to property, plant and equipment and intangible assets	147 571	31 625	3 789	10 030	19 296	212 311
Additions to right-of-use assets	53 451	9 801	52 955	-	-	116 207
Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangibles	139 689	52 674	46 276	1 614	(3 931)	236 322
Other material items of income and expense:						
- Net foreign currency losses (gains)	47 714	21 891	-	10 768	(3 430)	76 943
- Staff costs (including directors' remuneration)	1 236 469	471 567	345 575	50 181	1 053	2 104 845
- Increase (decrease) in contract provision - warranty	66 825	(55 378)	1 639	1 767	54 089	68 942
- Warranty expenditure - standard and extended warranties	197 286	10 197	31 310	2 819	(2 687)	238 925
- Increase (decrease) in provision for inventory write-downs (including write-downs to equipment on short-term rentals)	204	(1 162)	21 831	14 430	632	35 935
- APDP - production incentives	239 036	-	-	-	-	239 036

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 2023 or 2022.

* 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)**

	Manufacturing, assembly, logistics and dealer sales operations		Direct Sales operations			
	SOUTH AFRICA	EUROPE	SOUTH AFRICA	REST OF AFRICA	OTHER OPERATIONS AND INTER-SEGMENTAL ELIMINATIONS *	CONSOLIDATED
2022	**R000**	**R000**	**R000**	**R000**	**R000**	**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

* 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.

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	1% to 3,33%
Leasehold buildings	5% to 20%
Plant and equipment	4% to 33%
Rental assets - manufactured and third party equipment	20% to 30%
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 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 2023 R000	Accumulated depreciation and impairments 2023 R000	Net book value 2023 R000	Cost / valuation 2022 R000	Accumulated depreciation and impairments 2022 R000	Net book value 2022 R000
Freehold land and buildings	758 214	90 828	667 386	679 189	54 412	624 777
Leasehold buildings *	12 603	4 285	8 318	11 387	3 762	7 625
Plant and equipment	906 487	606 930	299 557	800 106	546 398	253 708
Rental assets - manufactured and third party equipment	4 755	403	4 352	71 203	27 856	43 347
Vehicles and aircraft	70 312	43 842	26 470	62 178	47 155	15 023
Total	1 752 371	746 288	1 006 083	1 624 063	679 583	944 480

	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
Movement in property, plant and equipment						
2023						
Net book value at beginning of the year	624 777	7 625	253 708	43 347	15 023	944 480
Additions	27 427	1 452	115 733	-	12 502	157 114
Disposals	-	-	(4 118)	-	(28)	(4 146)
Depreciation	(30 714)	(981)	(72 074)	(9 198)	(2 089)	(115 056)
Transfers **	-	-	-	(29 797)	-	(29 797)
Translation differences	45 896	222	6 308	-	1 062	53 488
Net book value at end of the year	667 386	8 318	299 557	4 352	26 470	1 006 083
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

* 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 R29,8 million (2022: R2,3 million) relate to equipment held for rental reclassified between inventory and rental assets in property, plant and equipment.

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

		2023	2022
7	**PROPERTY, PLANT AND EQUIPMENT (continued)**	**R000**	**R000**
	Freehold land and buildings at valuation/cost comprise:		
	South Africa	286 948	267 653
	Richards Bay		
	Lot 1892 Alton Industrial Township	27 200	27 200
	Lot 1894 Alton Industrial Township	59 100	59 100
	Lot 10024 Alton Industrial Township	160 179	140 884
	Middelburg		
	Portion 45 Lot 11063, Extension 33	40 469	40 469
	Germany	385 721	333 542
	Oberste-Elpersweide 4, Alsfeld	103 705	91 607
	Industriestraße 8, Hörselberg-Hainich, 99820	282 016	241 935
	Zambia		
	Plots 4095 and 4096, Chingola Road, Kitwe	77 826	71 176
	France		
	35 Avenue du Berry, 23800, Dun le Palestel	7 719	6 818
	Total freehold land and buildings at cost/valuation	758 214	679 189

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. These valuations were carried out in 2022. Additions subsequent to the last valuation are at cost.

	2023	2022
Reconciliation of carrying amount - Richards Bay	**R000**	**R000**
Net book value at beginning of the year	217 095	181 621
Additions at cost	16 512	783
Depreciation	(17 341)	(15 458)
Level 3 revaluation gain credited to revaluation reserve	-	50 149
Net book value at end of the year	216 266	217 095

	2023	2022
Reconciliation of carrying amount - Middelburg	**R000**	**R000**
Net book value at beginning of the year	40 187	38 382
Depreciation	(709)	(709)
Level 3 revaluation gain credited to revaluation reserve	-	2 514
Net book value at end of the year	39 478	40 187

Germany

The group's freehold land and buildings in Alsfeld and Hörselberg-Hainich (Kindel) were valued by ValEx Deutschland GmbH, independent qualified valuers. These valuations were carried out in 2022. Additions subsequent to the last valuation are at cost.

	2023	2022
Reconciliation of carrying amount - Germany *	**R000**	**R000**
Net book value at beginning of the year	292 288	299 099
Translation differences	38 361	1 111
Additions at cost	8 130	1 085
Depreciation	(10 765)	(9 007)
Net book value at end of the year	328 014	292 288

* In the prior year 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.

7 **PROPERTY, PLANT AND EQUIPMENT (continued)**

Zambia

The group's freehold land and buildings in Zambia were valued by Mak Associates Consulting Limited, independent qualified valuers.
The valuation was carried out in 2022.

	2023	2022
Reconciliation of carrying amount - Zambia	**R000**	**R000**
Net book value at beginning of the year	71 176	62 476
Translation differences	6 646	4 349
Depreciation	(1 772)	(1 435)
Level 3 revaluation gain credited to profit or loss *	-	5 786
Net book value at end of the year	76 050	71 176

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

	2023	2022
	R000	**R000**
The comparable amounts under the historical cost convention for the freehold land and buildings were:		
Historical carrying amount	512 982	467 866

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 10 years but may have further extension options.

	Cost 2023 R000	Accumulated depreciation 2023 R000	Net book value 2023 R000	Cost 2022 R000	Accumulated depreciation 2022 R000	Net book value 2022 R000
Land and buildings	569 391	224 489	344 902	517 727	182 870	334 857
Plant and equipment	21 346	12 557	8 789	14 938	10 137	4 801
Vehicles	90 698	29 832	60 866	79 804	51 560	28 244
Total	681 435	266 878	414 557	612 469	244 567	367 902

	Land and buildings R000	Plant and equipment R000	Vehicles R000	Total R000
Movement in right-of-use assets				
2023				
Net book value at beginning of the year	334 857	4 801	28 244	367 902
Additions *	60 308	6 325	49 574	116 207
Disposals	-	(75)	(1 124)	(1 199)
Depreciation	(63 373)	(2 766)	(19 135)	(85 274)
Translation differences	13 110	504	3 307	16 921
Net book value at end of the year	344 902	8 789	60 866	414 557
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

* Additions in the current year include a new 5 year property lease for commercial space relating to the group’s sales and logistics operation in South Carolina, USA (BENA), for an amount of R41,6 million. Refer to note 21.

** Additions in the prior 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.

Amounts recognised in profit and loss during the reporting period:

	2023 R000	2022 R000
Depreciation expense on right-of-use assets	85 274	58 474
Interest expense on lease liabilities	47 820	37 180
Expenses relating to short-term leases and leases of low value assets	47 259	32 286

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 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 2023 R000	Accumulated amortisation and impairments 2023 R000	Net book value 2023 R000	Cost 2022 R000	Accumulated amortisation and impairments 2022 R000	Net book value 2022 R000
Capitalised software	103 536	62 714	40 822	105 581	70 489	35 092
Capitalised engineering development expenditure	506 433	267 825	238 608	468 033	242 900	225 133
Total	609 969	330 539	279 430	573 614	313 389	260 225

	Capitalised software R000	Capitalised engineering development expenditure R000	Total R000
Movement in intangible assets			
2023			
Net book value at beginning of the year	35 092	225 133	260 225
Additions	12 935	42 262	55 197
Amortisation	(7 205)	(28 787)	(35 992)
Net book value at end of the year	40 822	238 608	279 430
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

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.

	2023 R000	2022 R000
Financial assets at fair value through other comprehensive income		
Listed equity investments not held for trading *		
Opening balance	4 755	14 081
Disposals at fair value	-	(3 455)
Translation difference	439	3 829
Fair value loss	(2 026)	(9 700)
Closing balance	3 168	4 755
Unlisted equity investment not held for trading **		
Opening balance	58 180	44 636
Translation difference	6 959	875
Fair value (loss) gains	(32 576)	12 669
Closing balance	32 563	58 180
Total investments	35 731	62 935

* 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 2023 which resulted in a net loss of R2,0 million (December 2022: net loss of R9,7 million) which was accounted for in other comprehensive income. These have been classified as Level 1 fair value measurements. Dividend income of R0,1 million (2022: R0,2 million) has been received on these investments in 2023.

** 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 the current year the group changed the measurement technique and transitioned from the price to book ratio method to an EBITDA multiple method for the valuation of the investment. The group believes this method is more appropriate based on the relevant information the group currently has access to.

An EBITDA multiple of 7.40 was used to estimate the fair value of the entity. Information about the inputs applied in the method is as follows:

	Measurement date 31 December 2023
Marketability discount	15.3%

The EBITDA multiple of 7.40 represents an average of observable EBITDA multiples of a number of listed entities within the heavy equipment industry. The EBITDA multiples were obtained from a reputable market database. The fair value measurement has been classified as a Level 3 measurement. A 10% decrease or increase in the EBITDA multiple, would have a R8,5 million decrease or increase impact on the fair value of the investment. The fair value loss of R32,6 million (2022: fair value gain of R12,7 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

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.

	2023 R000	2022 R000
Interest-bearing receivables		
Instalment sale agreements (i)	130 834	221 581
Finance lease receivables (ii)	-	8 249
Other interest-bearing assets (iii)	7 377	6 429
Total interest-bearing receivables	138 211	236 259
Contract assets		
Other contract assets (iv)	2 011	6 801
Service and repair work in progress (v)	53 887	32 369
Total contract assets	55 898	39 170
Total interest-bearing receivables and contract assets	194 109	275 429
Less: current portion	(179 042)	(231 242)
Total long-term portion of interest-bearing receivables and contract assets	15 067	44 187

11 **INTEREST-BEARING RECEIVABLES AND CONTRACT ASSETS (continued)**

(i) Instalment sale agreements

Receivables from instalment sale agreements for the amount of R130,8 million (2022: R221,6 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 27.1.5 for revenue recognition from instalment sale agreements. The amounts are repayable in instalments by:

	Average interest rate per annum	**2023 R000**	**2022 R000**
2023	12.5%	-	183 193
2024	12.9%	123 368	32 446
2025	13.3%	7 466	5 942
Total		130 834	221 581
Less: current portion		(123 368)	(183 193)
Long-term portion		7 466	38 388

The following details an analysis of these instalment sale receivables:

2023	**Less than one year R000**	**One to two years R000**	**Two to three years R000**	**Total R000**
Gross investment	130 920	7 683	-	138 603
Less: unearned finance income	(7 552)	(217)	-	(7 769)
Present value of minimum payments	123 368	7 466	-	130 834
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

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 2023, an amount of approximately R20,1 million (2022: Rnil) included in interest-bearing receivables was outstanding from a single customer in South Africa. The balance was renegotiated and the repayment terms extended during the current period. An allowance for expected credit loss of R7,0 million was raised against this receivable. At the end of the prior year an amount of approximately R88,2 million was outstanding from a single customer in South Africa and this debt was reduced to an amount of approximately R31,2 million during the current year.

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

		2023	2022
11	**INTEREST-BEARING RECEIVABLES AND CONTRACT ASSETS (continued)**	**R000**	**R000**
	(iii) Other interest-bearing assets		
	BBBEE shareholders loans	3 671	3 887
	Other interest-bearing assets	3 706	2 542
		7 377	6 429
	Less: current portion	-	(2 542)
	Long-term portion	7 377	3 887

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

Other interest-bearing assets relates to cash-backed bonds of R3,7 million (2022: R2,5 million) in respect of which the cash is restricted. Refer to note 34.2.2.

	2023	2022
(iv) Other contract assets	2 011	6 801
Less: current portion	(1 787)	(4 889)
Long-term portion	224	1 912

	2023	2022
(v) Service and repair work in progress		
Service and repair work in progress	53 887	32 369
Less: current portion	(53 887)	(32 369)
Long-term portion	-	-

Impairment losses recognised on contract assets relating to service and repair work in progress in the current period amounted to R2,5 million (2022: R2,3 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.

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
2023							
Accruals	25 540	6 583	142	-	10 760	33 068	9 957
Capitalised engineering development expenditure	(59 775)	-	-	-	(4 681)	(64 456)	-
Contract liabilities	87 427	10 154	18	-	28 858	112 467	13 990
Discounted instalment sale agreements	26 789	-	-	-	(17 833)	8 956	-
Excess taxation allowances over depreciation charge	(16 847)	(17 254)	49	-	502	(16 672)	(16 878)
Production incentives	(2 684)	(22 667)	-	-	(12 042)	-	(37 393)
Leases	21 515	4 614	177	-	17 927	26 537	17 696
Other allowances, including allowances for future expenditure on contracts	(18 300)	(210)	-	-	621	(17 889)	-
Other provisions	2 636	-	8	-	1 009	3 653	-
Prepayments	(2 398)	(1 218)	-	-	(1 833)	(3 290)	(2 159)
Allowance for expected credit losses	9 324	2 824	222	-	(428)	5 312	6 630
Provision for inventory obsolescence	12 339	-	420	-	1 408	10 771	3 396
Contract provision - warranty	46 366	11 397	680	-	17 099	75 720	(178)
Revaluation of properties	(9 948)	(61 296)	(1 069)	-	3 046	909	(70 176)
Refund liabilities	10 268	-	66	-	(8 791)	1 543	-
Taxable losses	5 421	-	44	-	(2 370)	3 095	-
Unrealised foreign currency gains and losses	13 558	(3 557)	1 297	-	(17 827)	(71)	(6 458)
Unrealised profit in inventory	63 189	-	73	-	31 306	94 568	-
Totals	214 420	(70 630)	2 127	-	46 731	274 221	(81 573)
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)

* Taxable losses in the prior year related to estimated tax losses in the group's subsidiary Bell Equipment Group Services Proprietary Limited (BEGS). The deferred taxation asset raised on these taxable losses was fully recovered.

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.

	2023	**2022**
	R000	**R000**
Finished goods		
- manufactured	774 379	462 762
- third party	682 743	499 417
- used	316 878	277 953
Merchandise spares, components and raw materials	3 226 289	2 969 050
Work-in-progress	726 272	542 808
Total inventory	5 726 561	4 751 990

Total inventory expensed, included in cost of sales, amounts to R10 042,4 million (2022: R7 536,9 million).

Inventory includes machines on short-term rental with a carrying value of R39,4 million (2022: R70,1 million).
The group recognised R21,4 million (2022: R31,8 million) in cost of sales in respect of write-downs of machines on short-term rentals.

Inventory of R468,8 million (2022: R390,0 million) 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.

14 **TRADE AND OTHER RECEIVABLES (continued)**

Accounting policy (continued)

Impairment - trade receivables (continued)

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.

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 and earns government incentives 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, 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.

	2023 R000	2022 R000
Amounts receivable from the sale of goods and services *	1 663 187	1 058 538
Allowance for expected credit losses (refer note 38.3)	(40 815)	(48 903)
	1 622 372	1 009 635
Sundry debtors *	52 819	32 716
Import refunds receivable	27 184	10 057
APDP - production incentives receivable **	138 494	93 890
Value added taxation receivable	148 516	131 796
Total trade and other receivables	1 989 385	1 278 094

* Included above are reimbursement assets of R24,9 million (2022: R11,3 million). Refer to note 24.1.

** The total allowance for expected credit losses was assessed to be Rnil (2022: Rnil).
No amounts were past due and there has not been a significant increase in credit risk since initial recognition.

Trade receivables of R605,1 million (2022: R70,0 million) were pledged to financial institutions as collateral to secure an overdraft facility. Refer to note 38.2.1.2.

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

15 OTHER ASSETS

Accounting policy

Prepayments

Prepayments include advance payments made by the group 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.

	2023 R000	2022 R000
Prepayments		
Prepayments - inventory	236 094	173 354
Prepayments - other	55 104	39 723
Financial assets carried at fair value through profit or loss		
Forward foreign exchange contracts (Level 2) *	27 725	18 145
	318 923	231 222

* 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.

	2023 R000	2022 R000
Cash on hand and cash bank balances *	251 786	228 600

* The group's cash and bank balances include an amount of R66,4 million (2022: 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.

		2023 R000	2022 R000
17	**STATED CAPITAL**		
	Authorised		
	100 000 000 (2022: 100 000 000) ordinary shares of no par value		
	Issued		
	95 629 385 (2022: 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 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
Other comprehensive income	712	2 496	6 483	239 555	-	-	249 246
- exchange differences on translating foreign operations	712	2 496	6 483	239 555	-	-	249 246
Decrease in BBBEE share-based payment reserve *	-	-	-	-	(450)	-	(450)
Net fair value loss through other comprehensive income	-	-	(34 603)	-	-	-	(34 603)
Balance at 31 December 2023	177 835	21 396	25 310	910 471	87 665	-	1 222 677

(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 was 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 33.2.

* During the year a BBBEE shareholder, who was an employee of the group, resigned and his shareholding in the group's BEE management company was transferred to the group's broad based trust. Refer to note 19.2.

		2023	2022
		R000	R000
19	**NON-CONTROLLING INTEREST**		
	Non-controlling interest at end of the year	73 538	44 866

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 **NON-CONTROLLING INTEREST (continued)**

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

During 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.

* During the year Ryan Britain resigned and his shareholding was transferred to the group's broad based trust.

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	2023 R000	2022 R000
Long-term mortgage loans and other term loans from financial institutions repayable in instalments by:			
December 2023	10.9%	-	3 405
August 2024 (i) *	1.7%	6 577	14 538
May 2027 (i)	11.3%	2 086	2 564
August 2027 (i)	11.3%	4 579	5 544
September 2031 (ii) *	1.7%	31 735	31 650
November 2032 (iii) *	1.8%	35 253	34 633
August 2033 (iv) *	1.7%	94 498	91 553
		174 728	183 887
Less: current portion		(25 368)	(28 799)
Long-term portion		149 360	155 088

* 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 and Australia R35,4 million (2022: R40,3 million)
(ii) freehold land and buildings in Alsfeld, Germany R84,9 million (2022: R77,5 million)
(iii) freehold land and buildings in Kindel, Germany R69,1 million (2022: R62,8 million)
(iv) buildings in Kindel, Germany R165,4 million (2022: R152,0 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	2023 R000	2022 R000
Discounted instalment sale agreements	13.8%	38 498	87 308
Rental assets sold and leased back	13.8%	-	26 792
		38 498	114 100
Less: current portion		(30 392)	(76 119)
Long-term portion		8 106	37 981

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:

	Average variable rate of interest per annum	2023 R000	2022 R000
Unsecured			
Industrial Development Corporation (IDC) of South Africa *	12.9%	304 098	547 136
ABSA Bank of South Africa (supply chain finance) *	11.8%	263 281	-
Secured			
Loans relating to secured inventory **	14.8%	14 770	-
		582 149	547 136
Less: current portion		(582 149)	(547 136)
Long-term portion		-	-
Total current portion of interest-bearing liabilities		637 909	652 054
Total long-term portion of interest-bearing liabilities		157 466	193 069

* Refer to note 38.2.1 for further information on the IDC and ABSA trade loans.
** This represents amounts payable to a financial institution where certain equipment in inventory has been encumbered as security for the secured borrowings above.
The book value of inventory subject to these borrowings amounted to R8,2m (2022: Rnil).

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 due to the lessor over the lease term, 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)**

	2023 R000	2022 R000
Lease liabilities at beginning of the year	439 227	309 531
Translation differences	17 966	(538)
Lease modifications and new lease contracts entered into *	116 207	182 012
Lease contracts ended	(708)	(6 036)
Interest expense on lease liabilities	47 820	37 180
Lease liabilities repaid	(110 658)	(82 922)
Lease liabilities at end of the year	509 854	439 227
Less: current portion	(76 403)	(50 284)
Long-term portion	433 451	388 943

* New lease contracts entered into in the current year include a 5 year property lease for commercial space relating to the group's sales and logistics operation in South Carolina, USA (BENA), for an amount of R41,6 million. Refer to note 8.

	2023 R000	2022 R000
The breakdown of lease payments is as follows:		
Fixed lease payments	102 543	76 052
Variable lease payments	8 115	6 870
Total	110 658	82 922

Total cash outflows for leases amount to R157,9 million (2022: R115,2 million) for the year.

	2023 R000	2022 R000
Below sets out the undiscounted contractual maturities of lease liabilities:		
Less than 1 year	116 692	95 158
Between 1 and 2 years	113 121	88 386
Between 2 and 3 years	106 513	83 134
Between 3 and 4 years	87 324	78 364
Between 4 and 5 years	87 950	67 518
Over 5 years	194 514	256 732
Total contractual cash flows	706 114	669 292
Less: unaccrued interest	(196 260)	(230 065)
Lease liabilities at end of the year	509 854	439 227
Analysed as follows:		
Non-current	433 451	388 943
Current	76 403	50 284
	509 854	439 227

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.

		2023 R000	2022 R000
22.1	**Advance receipts from customers**		
	Balance at beginning of the year	123 302	68 847
	Translation difference	3 119	4 586
	Amounts received in advance for delivery of finished goods	387 010	460 702
	Revenue recognised during the year	(420 420)	(397 232)
	Amounts repaid to customers for cancelled contracts	-	(13 601)
		93 011	123 302
	Less: current portion	(93 011)	(123 302)
	Long-term portion	-	-

An amount of R123,3 million (2022: R54,5 million) included in the opening balance was recognised as revenue in the current period.

		2023 R000	2022 R000
22.2	**Deferred warranty income**		
	Balance at beginning of the year	172 498	149 435
	Extended warranty contracts sold during the year	175 523	112 346
	Revenue recognised during the year	(109 080)	(89 283)
		238 941	172 498
	Less: current portion	(98 758)	(108 080)
	Long-term portion	140 183	64 418

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 R74,8 million (2022: R65,4 million) included in the opening balance was recognised as revenue in the current period.

		2023 R000	2022 R000
22.3	**Deferred service contract revenue**		
	Balance at beginning of the year	64 689	62 086
	Translation difference	2 165	(507)
	Service contracts sold during the year	70 821	80 503
	Costs in excess of contract value	2 479	2 249
	Expired / forfeited during the year	(5 913)	(19 780)
	Utilised during the year	(72 615)	(59 862)
		61 626	64 689
	Less: current portion	(41 451)	(44 214)
	Long-term portion	20 175	20 475

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.

		2023	2022
		R000	R000
22	**CONTRACT LIABILITIES (continued)**		
22.4	**Deferred finance income liability**		
	Balance at beginning of the year	75 564	61 821
	Translation difference	(64)	-
	Deferred finance income from:		
	- Extended warranty contracts sold	67 230	39 311
	- Service contracts sold	12 863	9 596
	Less: deferred finance income recognised in interest income		
	- Extended warranty contracts	(35 419)	(25 360)
	- Service contracts	(5 780)	(9 804)
		114 394	75 564
	Less: current portion	(48 226)	(44 298)
	Long-term portion	66 168	31 266

The deferred finance income liability relates to the finance component on extended warranty contracts and service contracts sold (notes 22.2 and 22.3) with contract terms exceeding 12 months. The average discount rate was 11,0% (2022: 10,0%).

	2023	2022
Total current portion of contract liabilities	281 446	319 894
Total long-term portion of contract liabilities	226 526	116 159

		2023	2022
		R000	R000
23	**REFUND LIABILITIES**		
23.1	**Refund liabilities relating to residual value risk**		
	Balance at beginning of the year	8 138	23 715
	Decrease during the year credited to revenue	(7 972)	(17 171)
	Translation difference	760	1 594
		926	8 138
	Less: current portion	(926)	(3 781)
	Long-term portion	-	4 357
23.2	**Refund liabilities relating to right-to-return parts**		
	Right-to-return liability	33 361	30 368
	Less: current portion	(33 361)	(30 368)
	Long-term portion	-	-
	Total current portion of refund liabilities	34 287	34 149
	Total long-term portion of refund liabilities	-	4 357

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. The reimbursement asset is recognised as a financial asset under trade and other receivables. The amount included under trade and other receivables as at 31 December 2023 amounts to R24,9 million (2022: R11,3 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 perform warranty repairs and warranty services for 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
Balance at 31 December 2021	156 496
Increase during the year	231 694
Utilised during the year	(166 031)
Translation differences	(1 423)
Balance at 31 December 2022	220 736
Less: current portion	(142 482)
Long-term provision at 31 December 2022	78 254
Balance at 31 December 2022	220 736
Increase during the year	237 879
Utilised during the year	(162 826)
Translation differences	3 177
Balance at 31 December 2023	298 966
Less: current portion	(206 114)
Long-term provision at 31 December 2023	92 852

25 OTHER LIABILITIES

Accounting policy

Cash-settled employee share-based payments

Refer to note 33.1 for the accounting treatment of the cash-settled share-based payment liability.

	Notes	2023 R000	2022 R000
Cash-settled employee share-based payments			
Balance at beginning of the year		28 231	10 031
Increase during the year *		41 403	18 200
Payments made during the year		(8 961)	-
Cash-settled employee share-based payments at end of the year	33.1.2	60 673	28 231
Financial liabilities carried at fair value through profit or loss			
Forward foreign exchange contracts (Level 2) **		2 452	1 722
Total other liabilities		63 125	29 953
Less: current portion		(24 301)	(10 683)
Long-term portion		38 824	19 270

* Increase mainly due to the share price increase and new share awards granted during the year.
** 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.

	2023 R000	2022 R000
Trade creditors	1 620 285	1 287 545
Audit fees	13 099	13 416
Credit balances in trade and other receivables	31 220	24 463
Leave pay and other payroll accruals *	156 593	148 216
Other accruals **	22 408	35 678
Other payables	27 971	25 652
Value added taxation payable	32 023	92 033
Total trade and other payables	1 903 599	1 627 003

* Includes an incentive accrual for all 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 a 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 **REVENUE (continued)**

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

27.1.4 ***Transactions with credit risk undertakings***

Where the group has provided a credit backing to customers for their financing of equipment purchases, 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 the financial institution have in the financed equipment is taken into consideration in this assessment. A refund liability to the financial institution 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.

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

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.

27.1.5 ***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 8,0% and 14,3%. 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 11,0% (2022: 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)**

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 11,0% (2022: 10,0%) 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. Operating leases are not actively marketed as they are not the group's core business of selling equipment. Operating leases may be short-term or long-term. 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.

Rental revenue from short-term rentals where the equipment is held in inventory, relate to rental agreements entered into from time to time with existing customers for various reasons, mainly the following:
- where the customer has an immediate need for equipment whilst waiting for their sales order to be fulfilled and for their new machine to be delivered by the group or for financing to be approved by a financial institution;
- where a customer's equipment is being repaired and the customer requires temporary equipment to continue operating;
- to initiate equipment sales in difficult market conditions or when a customer wants to test equipment first before purchasing equipment.

In respect of rental revenue from long-term rentals, the equipment is held as rental assets in property, plant and equipment. These rental agreements generally include an option to purchase the equipment and they are entered into with customers for a period exceeding 12 months. The main reasons for these long-term rentals are:
- as a financing solution provided by the group;
- as a customer financing preference.

The transfer of risks and rewards associated with ownership of these rental assets has not been satisfied.

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	**Europe**	**South Africa**	**Rest of Africa**	**Total Revenue**
2023	**R000**	**R000**	**R000**	**R000**	**R000**
Revenue					
Sale of equipment	1 656 041	5 324 830	2 921 037	634 374	10 536 282
Sale of parts	654 451	282 672	1 123 711	227 826	2 288 660
Service contracts and transport revenue	149 574	52 095	291 912	26 541	520 122
Extended warranty	115 077	-	-	-	115 077
Rental revenue	-	4 137	49 282	-	53 419
Total revenue	2 575 143	5 663 734	4 385 942	888 741	13 513 560
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

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

	2023	**2022**
	R000	**R000**
Timing of revenue recognition		
At a point in time		
Sale of equipment	10 536 282	7 582 037
Sale of parts	2 288 660	2 034 315
Service contracts and transport revenue	520 122	454 269
Total	13 345 064	10 070 621
Over time		
Extended warranty	115 077	92 130
Rental revenue	53 419	113 469
Total	168 496	205 599
Total revenue	13 513 560	10 276 220

Included in revenue for the year is an amount of R125,7 million (2022: R292,8 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.

		Notes	2023 R000	2022 R000
28	**PROFIT FROM OPERATING ACTIVITIES**			
	Profit from operating activities is arrived at after taking into account:			
	Income			
	Currency exchange gains (i)		414 200	409 912
	APDP - production incentives (ii)	43	239 036	144 351
	Net surplus on disposal of property, plant and equipment		336	1 828
	Expenditure			
	Amortisation of intangible assets	9	35 992	44 531
	Amounts written off as credit impaired		1 257	5 065
	(Decrease) increase in allowance for expected credit losses		(5 338)	7 629
	Auditors' remuneration - audit fees and other services		20 445	17 691
	Cash-settled employee share awards		41 403	18 200
	Consulting fees		42 076	25 907
	Currency exchange losses (i)		491 143	385 785
	Depreciation of property, plant and equipment (iii)	7	115 056	141 993
	Depreciation of right-of-use assets	8	85 274	58 474
	Directors' remuneration			
	Paid by company:			
	- non-executive directors' fees (iv)	42	6 595	5 575
	Paid by subsidiaries:			
	- executive directors - salaries (iv)	42	11 391	10 537
	- benefits (iv)	42	12 511	4 600
	Impairment loss recognised on intangible assets	9	-	9 348
	Increase in contract provision - warranty		68 942	67 316
	Lease expenses	8	47 259	32 286
	Research expenses (excluding staff costs)		37 598	38 983
	Staff costs (iv)		2 032 945	1 726 823

(i) Net currency exchange losses in the current year arose mainly on:
• USD and Euro denominated inventory purchases in the South African manufacturing operation as a result of the depreciation of the Rand against those currencies.
• USD denominated sales in the European manufacturing and assembly operation as a result of the movement in the Euro against the USD during the year.

(ii) Income from production incentives increased by 65,6% (2022: 58,8%) 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 18,1% (2022: 14,3%) mainly due to an increase in the workforce at the manufacturing and assembly facilities stemming from increased production volumes, incentive accruals, labour cost escalations and the impact of the depreciation in the Rand.

29 INTEREST EXPENSE

	2023 R000	2022 R000
Interest expense incurred on the following:		
Bank overdrafts and loans	79 167	49 340
Lease liabilities	47 820	37 180
Industrial Development Corporation (IDC) of South Africa working capital facility	62 725	45 945
ABSA Bank of South Africa - supply chain finance	4 587	-
Other *	2 469	4 512
Total interest expense	196 768	136 977

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

30 INTEREST INCOME

	2023 R000	2022 R000
Interest income earned on the following:		
Service contracts	5 780	9 804
Extended warranty contracts	35 419	25 360
Instalment sale agreements	19 938	26 546
Other *	22 068	15 802
Total interest income	83 205	77 512

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

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.

		2023 R000	2022 R000
31.1	**Taxation recognised in profit or loss**		
	South African normal taxation		
	Current taxation		
	- current year	269 215	105 273
	- prior year	(139)	(193)
	Deferred taxation		
	- current year	(48 941)	4 057
	- prior year	559	(4 874)
	- change in tax rate	-	3 999
	Withholding taxation	697	456
	Other corporate taxation	125	7
	Foreign taxation		
	Current taxation		
	- current year	62 791	59 683
	- prior year	(249)	(1 842)
	Deferred taxation		
	- current year	(23 476)	(5 064)
	- prior year	25 127	4 097
	Withholding taxation	207	779
	Other corporate taxation, including wealth taxation	666	494
	Total taxation recognised in profit or loss	286 582	166 872

	2023 %	2022 %
Reconciliation of rate of taxation (%)		
Standard rate of taxation	27	28
Adjustment for:		
Disallowable legal and consulting fees	1	1
Special allowances for taxation *	(1)	(2)
Prior year taxation, mainly Zambia	2	-
Impact of difference in effective taxation rates between functional currency and local currency reporting, mainly Zambia	(2)	(2)
Change in tax rate	-	1
Effective rate of taxation	27	26

* Relates to special allowances for research and development, learnerships, and solar energy assets.

The group's estimated taxation losses amount to R286,3 million (2022: R239,8 million). Taxation losses of R4,3 million (2022: Rnil) included in this amount will expire as follows:

	2023 R000	2022 R000
Six years	4 292	-
Total	4 292	-

Other losses may be carried forward indefinitely. Certain prior year losses were utilised in the current year.

A deferred taxation asset of R3,1 million (2022: R5,4 million) was recognised in respect of taxation losses in the current year. Refer to note 12. Taxation losses which do not expire and for which no deferred taxation asset was recognised, amounted to R273,9 million (2022: R219,7 million).

		2023 R000	2022 R000
31.2	**Taxation recognised in other comprehensive income that will not be reclassified subsequently to profit or loss**		
	Deferred taxation		
	- property revaluation	-	13 223
	Total taxation recognised in other comprehensive income	-	13 223

		Notes	2023	2022
32	**EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE**			
32.1	**Earnings per share (basic)**			
	Profit attributable to owners of Bell Equipment Limited (R'000)		763 606	456 846
	Weighted average number of shares in issue (000)		95 629	95 629
	Earnings per share (basic) (cents)		799	478
32.2	**Earnings per share (diluted)**			
	Profit attributable to owners of Bell Equipment Limited (R'000)		763 606	456 846
	Fully converted weighted average number of shares (000)		102 639	127 826
	Earnings per share (diluted) (cents)		744	357

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	2023	2022
32.3	**Headline earnings per share (basic)**			
	Profit attributable to owners of Bell Equipment Limited (R'000)		763 606	456 846
	Net surplus on disposal of property, plant and equipment (R'000)	28	(336)	(1 828)
	Taxation effect of net surplus on disposal of property, plant and equipment (R'000)		81	237
	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)		763 351	452 587
	Weighted average number of shares in issue (000)		95 629	95 629
	Headline earnings per share (basic) (cents)		798	473
32.4	**Headline earnings per share (diluted)**			
	Headline earnings as calculated in 32.3 above (R'000)		763 351	452 587
	Fully converted weighted average number of shares per 32.2 above ('000)		102 639	127 826
	Headline earnings per share (diluted) (cents)		744	354

Headline earnings is calculated in accordance with *Circular 1/2023 Headline Earnings* issued by the South African Institute of Chartered Accountants.

		Notes	2023	2022
32.5	**Net asset value per share**			
	Total capital and reserves (R'000)		5 285 016	4 365 208
	Number of shares in issue (000)	17	95 629	95 629
	Net asset value per share (cents)		5 527	4 565

33 SHARE-BASED PAYMENT ARRANGEMENTS WITH EMPLOYEES

33.1 Cash-settled employee share award plan

Accounting Policy

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.

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 of the Bell group 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 of the Bell group 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 of the Bell group 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 Bell 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 in excess of 15% for awards granted from 2022 onwards.
For awards granted in 2022 and onwards, the ROIC portion is paid out proportionately based on a sliding scale of the rolling three year average ROIC as follow:

Rolling three year average ROIC	*Payout*
< 15%	0%
≥ 15% < 16%	78%
≥ 16% < 17%	89%
≥ 17% < 18%	100%
≥ 18% < 19%	111%
≥ 19% < 20%	122%

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 Bell 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 **SHARE-BASED PAYMENT ARRANGEMENTS WITH EMPLOYEES (continued)**

33.1 **Cash-settled employee share award plan (continued)**

33.1.1 **Share awards granted**

The following awards were in existence during the reporting period:

Grant date	Phantom share units: With a strike price	With a strike price of zero	Vesting January 2024	Vesting January 2025	Vesting January 2026	Vesting January 2027	Vesting January 2028	Strike price of units with a strike price
1 January 2019	294 334	165 332	459 666	-	-	-	-	R 12.68
1 January 2020	506 333	284 666	459 666	331 333	-	-	-	R 8.88
1 January 2021	718 334	404 000	459 667	331 333	331 334	-	-	R 6.52
1 January 2022	822 000	463 000	-	428 333	428 333	428 334	-	R 12.43
1 January 2023	2 901 000	1 934 000	-	-	1 611 667	1 611 667	1 611 666	R 14.88
Total share units	5 242 001	3 250 998	1 378 999	1 090 999	2 371 334	2 040 001	1 611 666	

Share awards of 8 492 999 (2022: 5 806 999) were held by executive directors and prescribed officers as disclosed in note 42.

33.1.2 **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 R60,7 million (2022: R28,2 million) was raised for this cash-settled employee share award plan. Refer to note 25.

	Measurement date	
Inputs into the model	**31 December 2023**	**31 December 2022**
Spot price of the option	R 23.00	R 15.25
Dividend yield	3.9%	3.3%
Expected volatility of the share price	35.1%	48.3%
Risk-free interest rate	7.8% - 8.1%	7.7% - 7.9%
HEPS	798	473
ROIC	12.8%	9.5%

33.1.3 **Movement in share awards granted**

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

	2023		2022	
	Number of awards	**Weighted average strike price R**	**Number of awards**	**Weighted average strike price R**
Balance at beginning of the year	5 806 999	6.60	5 056 333	6.48
Settled during the year	(1 379 000)	7.49	(919 334)	8.39
Granted during the year	5 650 000	8.93	1 670 000	7.96
Forfeited during the year	(1 585 000)	7.67	-	-
Balance at end of the year	8 492 999	7.81	5 806 999	6.60

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 3,1 years (2022: 2,5 years).

33.2 **Equity-settled employee share option plan**

Share options were granted to senior employees under this scheme during 2010 to 2012. All outstanding options under this scheme expired during 2022 as detailed below.

The scheme is no longer in operation.

	2023		2022	
	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
Expired during the year	-	-	(372 000)	21.35
Balance at end of the year	-	-	-	-

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.

		2023 R000	2022 R000
34.1	**Contingent assets**		
34.1.1	**Reimbursement right relating to standard warranty in respect of manufactured goods**		
	Reimbursement right from component suppliers in respect of standard warranties where virtual certainty of recovery has not yet been established	69 280	38 744

		2023 R000	2022 R000
34.2	**Contingent liabilities**		
34.2.1	**Credit risk undertakings with financial institutions**		
	During the year the group entered into credit risk arrangements with certain financial institutions with recourse to the group to facilitate the financing of equipment for certain of the group's customers. Refer to note 27.1.4 for the group's accounting policy relating to these transactions.		
	Transactions where the group carries all the credit risk (100%)		
	In terms of these arrangements the group is liable for the full balance due to the financial institution in the event of default by the customer. At year-end the group's credit risk exposure under these arrangements totalled	37 666	26 724
	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 liability	58 543	50 291
		(20 877)	(23 567)
	Less: refund liability recognised	-	-
	Net credit risk	-	-
	Transactions where the group carries a portion of the credit risk (80%)		
	In terms of this arrangement the group is liable for 80% of the balance due to the financial institution in the event of default by the customer. This is a first loss undertaking and the group's exposure remains unchanged until the balance due to the financial institution is redeemed below the recourse amount, at which point the group's risk would equal the balance due until fully repaid. At year-end the group's credit risk exposure under this arrangement totalled	28 944	-
	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 liability	29 035	-
		(91)	-
	Less: refund liability recognised	-	-
	Net credit risk	-	-
	Transactions where the group carries a portion of the credit risk (20%)		
	In terms of this arrangement the group is liable for 20% of the balance due to the financial institution in the event of default by the customer. At year-end the group's credit risk exposure under this arrangement totalled	4 019	-
	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 liability	4 907	-
		(888)	-
	Less: refund liability recognised	-	-
	Net credit risk	-	-
	No refund liability was recognised on these transactions as the risk of expected credit losses was considered to be insignificant.		
34.2.2	**Cash-backed bond**		
	A cash-backed bond of USD150,000 (2022: USD150,000) 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.	2 780	2 542

35 CAPITAL EXPENDITURE COMMITMENTS

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

	2023 R000	2022 R000
Contracted	27 452	25 134
Authorised, but not contracted	317 132	186 696
Total capital expenditure commitments	344 584	211 830

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.

	2023 R000	2022 R000
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	1 040	28 926
Total operating lease receivables	1 040	28 926

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 R121,3 million during the current year (2022: R115,7 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.

38 FINANCIAL INSTRUMENTS (continued)

	Notes	2023 R000	2022 R000
Categories of financial instruments			
Financial assets			
Financial assets at amortised cost			
- Interest-bearing receivables	11	138 211	236 259
- Trade and other receivables (excluding accruals and value added taxation receivable)	14	1 815 976	1 133 757
- Cash and bank balances	16	251 786	228 600
Financial assets at fair value through other comprehensive income			
- Investments	10	35 731	62 935
Financial assets at fair value through profit or loss			
- Other assets (forward foreign exchange contracts)	15	27 725	18 145
Total financial assets		2 269 429	1 679 696
Financial liabilities			
Financial liabilities at amortised cost			
- Interest-bearing liabilities	20	795 375	845 123
- Trade and other payables (excluding accruals and value added taxation payable)	26	1 679 476	1 351 076
- Bank overdrafts and borrowings on call	38.2	992 023	531 363
Financial liabilities at fair value through profit or loss			
- Other liabilities (forward foreign exchange contracts)	25	2 452	1 722
Total financial liabilities		3 469 326	2 729 284

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 EBITDA multiples of a number of entities within the industry which was applied to the EBITDA of the investment entity. Refer to note 10.

Valuation techniques and fair value hierarchy

There was no change in the valuation technique used for the group's listed investment (Level 1). The valuation technique for the unlisted investment (Level 3) was changed from the price to book ratio method to an EBITDA multiple method in the current year.

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

38 FINANCIAL INSTRUMENTS (continued)

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 notes 20 and 38.2, 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%.

	2023 R000	**2022 R000**
The gearing ratio at year-end was as follows:		
Short-term and long-term borrowings	1 787 398	1 376 486
Cash and bank balances	(251 786)	(228 600)
Net debt	1 535 612	1 147 886
Total equity	5 285 016	4 365 208
Attributable to owners of Bell Equipment Limited	5 211 478	4 320 342
Non-controlling interest	73 538	44 866
Debt-to-equity ratio (excluding cash and bank balances) (%)	33.8	31.5
Net debt-to-equity ratio (including cash and bank balances) (%)	29.1	26.3

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 2023 is as follows:

	Facilities 2023 R000	**Utilisation 2023 R000**	**Facilities 2022 R000**	**Utilisation 2022 R000**
General banking facilities	1 502 929	992 023	1 409 157	531 363

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 **FINANCIAL INSTRUMENTS (continued)**

38.2 **Liquidity risk (continued)**

38.2.1 **Loan covenants**

38.2.1.1 The utilisation at 31 December 2023 on the Industrial Development Corporation of South Africa facility is as follows:

	Facility	Utilisation	Interest accrued	Facility	Utilisation	Interest accrued
	2023	**2023**	**2023**	**2022**	**2022**	**2022**
Industrial Development Corporation of South Africa (IDC)	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Trade finance and interest accrued	550 000	295 871	8 227	550 000	530 611	16 525

The IDC trade finance, which is held in BECSA, is unsecured and is a rolling credit facility, repayable six-monthly. Utilisation of the facility is restricted to the funding of working capital. The IDC facility was reduced from R550 million to R210 million with effect from 1 January 2024 and the terminal drawdown date was extended from 31 December 2023 to 31 December 2025. 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 49% was achieved at 31 December 2023)
- Debt service cover ratio: no less than 1,2 times (a ratio of 4,0 times was achieved at 31 December 2023)

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 R53 million in the financial year ended 31 December 2023 (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 group has classified the liability as part of interest-bearing liabilities as disclosed in note 20.3.

38.2.1.2 The utilisation at 31 December 2023 on the Commerzbank AG and Landesbank Baden-Württemberg combined bank facilities held in Germany is as follows:

	Maximum facilities	Utilisation	Maximum facilities	Utilisation
	2023	**2023**	**2022**	**2022**
Commerzbank AG (CoBa) and Landesbank Baden-Württemberg (LBBW)	**R000**	**R000**	**R000**	**R000**
Bank overdraft facilities	614 217	573 824	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 57% was achieved at 31 December 2023)
- Ratio of net debt to earnings before interest, tax, amortisation and deprecation: no more than 3,75 times (a ratio of 2,92 times was achieved at 31 December 2023)

The group has classified the liability as part of bank overdrafts and borrowings on call on the face of the consolidated statement of financial position.

38.2.1.3 The utilisation at 31 December 2023 on the ABSA supplier finance facility is as follows:

	Facility	Utilisation	Interest accrued	Facility	Utilisation	Interest accrued
	2023	**2023**	**2023**	**2022**	**2022**	**2022**
ABSA Bank of South Africa	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Supply chain finance and interest accrued	340 000	258 694	4 587	-	-	-

In the current year the group secured a supplier finance facility of R340 million with ABSA. The supplier finance facility is unsecured and is a rolling credit facility. The group utilises the facility by presenting to ABSA selected supplier invoices which have become due for payment. These supplier invoices are settled by ABSA and the group is required to repay the loan in full together with interest thereon on maturity date, which is 150 days from draw down date. The amount above represents supplier invoices that have been settled by ABSA on invoice due date. The related trade payables have been derecognised as the group's liability is extinguished upon the suppliers' receipt of payment from ABSA.

The group has classified the liability as part of interest-bearing liabilities as disclosed in note 20.3 as in the group's judgement, the terms and conditions relating to the supply chain financing are substantially different to the terms and conditions usually provided to the group's suppliers. The amount is repayable as follows:

	2023	2022
	R000	**R000**
February 2024	108 430	-
March 2024	76 763	-
April 2024	78 088	-
	263 281	-

The following financial covenants, measured at a group level, apply and were met at year-end:
- Ratio of EBITDA to net financing costs: no less than 5 times (a ratio of 12,6 times was achieved at 31 December 2023)
- Ratio of interest-bearing borrowings to EBITDA: no more than 2.5 times (a ratio of 1,1 times was achieved at 31 December 2023)

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**	**One to two years**	**Two to three years**	**Three to four years**	**Four to five years**	**More than five years**	**Total**
2023		**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Secured interest-bearing liabilities	20	77 187	30 563	21 809	20 532	18 494	78 352	246 937
Unsecured interest-bearing liabilities	20	583 308	-	-	-	-	-	583 308
Trade and other payables	26	1 679 476	-	-	-	-	-	1 679 476
Bank overdrafts and borrowings on call	38.2	992 023	-	-	-	-	-	992 023
Total		3 331 994	30 563	21 809	20 532	18 494	78 352	3 501 744
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

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	**2023**	**2022**
Less than 1 year	**R000**	**R000**
Gross settled forward foreign exchange contracts - imports	(560 338)	(190 253)
Gross settled forward foreign exchange contracts - exports	618 727	292 249
Total	58 389	101 996

38 **FINANCIAL INSTRUMENTS (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 exposures described in note 34.2.1. The group only deposits short-term cash with approved financial institutions.

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. Interest is usually charged on overdue balances.

Trade receivables contain concentration risk in certain markets, particularly where the group sells to independent dealers who distribute the group's products. 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.

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 34.2.1, 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 2023, the group does not consider there to be any material credit risk that has not been adequately provided for.

Credit risk concentration

The group has a concentration of credit risk in the North American distributor, in which the group holds a 10% equity interest as referred to in note 10, and in the customers of BESSA, the group's direct sales operation in South Africa. In assessing the recoverability of the receivable balances in the North American distributor and in the customers of 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
- selling season in the market the customer is active in
- customers' access to funding lines
- review of customers' financial statements

38 FINANCIAL INSTRUMENTS (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's customers and the North American distributor are presented below:

	BESSA		GROUP (including BESSA)	
	2023	**2022**	**2023**	**2022**
Instalment sale agreements *	**R000**	**R000**	**R000**	**R000**
Fully performing receivables	66 884	185 823	66 884	185 823
Gross	66 884	185 823	66 884	185 823
Past due receivables	46 976	35 758	63 950	35 758
Gross	54 943	41 751	71 917	41 751
Less: allowance for expected credit losses	(7 967)	(5 993)	(7 967)	(5 993)
Balance at end of the period (note 11)	113 860	221 581	130 834	221 581

* 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.

	BESSA		GROUP (including BESSA)	
	2023	**2022**	**2023**	**2022**
Finance leases *	**R000**	**R000**	**R000**	**R000**
Fully performing receivables	-	-	-	-
Gross	-	-	-	-
Less: allowance for expected credit losses	-	-	-	-
Past due receivables	-	8 249	-	8 249
Gross	3 549	9 828	3 549	9 828
Less: allowance for expected credit losses	(3 549)	(1 579)	(3 549)	(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.

	North American distributor		BESSA		GROUP ***	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Trade receivables **	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Fully performing receivables	437 394	140 609	166 203	116 540	1 505 705	941 191
Gross	437 394	140 609	166 203	116 540	1 505 864	941 239
Less: allowance for expected credit losses	-	-	-	-	(159)	(48)
Past due receivables	266 525	-	22 673	13 022	116 667	68 444
Gross	266 525	-	46 751	44 919	157 323	117 299
Less: allowance for expected credit losses	-	-	(24 078)	(31 897)	(40 656)	(48 855)
Balance at end of the period (note 14)	703 919	140 609	188 876	129 562	1 622 372	1 009 635

** Included in trade and other receivables on the statement of financial position.
*** Including BESSA and North American distributor.

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.

	BESSA		GROUP (including BESSA)	
Movement in the allowance for expected credit losses on finance	**2023**	**2022**	**2023**	**2022**
leases, instalment sale agreements and trade receivables	**R000**	**R000**	**R000**	**R000**
Balance at beginning of the year	39 469	33 852	56 475	48 026
Translation differences	-	-	1 194	820
Net (decrease) increase in allowance for expected credit losses	(3 875)	5 617	(5 338)	7 629
Amounts considered credit-impaired and written off	(1 333)	(5 046)	(1 257)	(5 065)
Increase in allowance for expected credit losses, based on lifetime expected credit losses	6 425	15 148	4 739	18 134
Decrease in allowance due to cash flows from past due receivables	(8 967)	(4 485)	(8 931)	(5 413)
Increase (decrease) in allowance on fully performing receivables, based on lifetime expected credit losses	-	-	111	(27)
Balance at end of the year	35 594	39 469	52 331	56 475

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

Refer to note 34.2.1 for the group's credit risk exposure to financial institutions.

38 **FINANCIAL INSTRUMENTS (continued)**

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 2023 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:

2023	**Foreign amount 000**	**Rate R**	**Market value in Rands R000**	**Fair value gain (loss) R000**
Import contracts				
British Pound	5 850	23.02	137 110	2 453
Euro	12 814	20.39	262 104	821
Japanese Yen	1 198 497	7.72	157 613	2 435
United States Dollar	500	18.44	9 197	(23)
Export contracts				
United States Dollar	32 500	19.04	599 156	19 571

2022	**Foreign amount 000**	**Rate R**	**Market value in Rands R000**	**Fair value (loss) gain R000**
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

38 **FINANCIAL INSTRUMENTS (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	United States Dollar	British Pound	Other currencies
2023	**R000**	**R000**	**R000**	**R000**
Financial assets				
Financial assets at amortised cost				
- Interest-bearing receivables	-	20 680	-	-
- Trade and other receivables	209 887	1 116 916	28 987	2 862
- Cash and bank balances	104 150	131 159	888	2 783
Financial assets at fair value through other comprehensive income				
- Investments	-	35 731	-	-
Financial assets at fair value through profit or loss				
- Other assets (forward foreign exchange contracts)	1 990	19 907	2 471	3 357
Financial liabilities				
Financial liabilities at amortised cost				
- Interest-bearing liabilities	322 371	30 807	-	77
- Trade and other payables	572 709	176 117	352 096	257 992
- Bank overdrafts and borrowings on call	664 743	6 287	-	-
Financial liabilities at fair value through profit or loss				
- Other liabilities (forward foreign exchange contracts)	1 170	359	2	921
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

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 (2022: 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 2023 would have decreased by R78,4 million (2022: decrease in profit before taxation R38,2 million); and
- other equity at year-end would have increased by R14,3 million (2022: R4,2 million increase).

For a 10% strengthening (2022: 10%), there would have been an equal and opposite impact on the profit before taxation and other equity.

38 **FINANCIAL INSTRUMENTS (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 2023, is as follows:

2023	Net overdraft and call balances	Trade finance	Long-term borrowings	Long-term borrowings	Total borrowings
Borrowings (R000)	740 237	582 149	168 063	45 163	1 535 612
Rate profile	Floating	Floating	Fixed	Floating	
% of total borrowings	48	38	11	3	

2022	Net overdraft and call balances	Trade finance	Long-term borrowings	Long-term borrowings	Total borrowings
Borrowings (R000)	302 763	547 136	172 374	125 613	1 147 886
Rate profile	Floating	Floating	Fixed	Floating	
% of total borrowings	26	48	15	11	

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 2023 would have
decreased by R13,7 million (2022: decrease in profit before taxation R9,8 million)
- profit after taxation and equity would have decreased for the year ended 31 December 2023
by R10,0 million (2022: decrease in profit after taxation and equity R7,0 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 credit risk undertakings where the group has provided credit support to financial institutions to facilitate the financing of equipment for certain of the group's customers. Refer to note 34.2.1 for further information on these transactions.

Residual value risk is the risk that the equipment upon re-sale realises less than the balance due to the financial institution in the event of customer default.
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. Furthermore, the group has service and maintenance agreements in place with the respective customers which enables the group to track the condition of the equipment.

38.5 **Transfers of financial assets**

38.5.1 **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	2023 R000	2022 R000
Instalment sale receivables	11	45 181	85 956
Collateralised borrowings	20.2	(38 498)	(87 308)
Net position		6 683	(1 352)

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

38.5.2 **Transferred financial assets that qualifies for derecognition**

During the year an instalment sale receivable was discounted to Loinette Company Leasing Limited without recourse to the group. No control over the asset has been retained by the group and the group carries no credit risk associated with this receivable. The asset has therefore been derecognised.

	2023 R000	2022 R000
Amount discounted	69 898	27 997
Loss on discounting	2 466	830
Legal expenses relating to discounting transaction	337	-

The group continues to collect the contractual cash flows from the customer but is obligated to pay Loinette Company Leasing Limited as soon as the funds are received.
At 31 December 2023, no amount was payable to Loinette Company Leasing Limited as a result of the group's continuing involvement. Loinette Company Leasing Limited is a related party as disclosed in note 39.

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:

	2023 R000	2022 R000
Shareholders and their directors		
GA Campbell *		
- salary	1 325	840
* GA Campbell is a director of I A Bell and Company (Pty) Ltd, which is the parent company of the group, and an employee of BESSA, a subsidiary of the group.		
Directors and group executive committee members who are BBBEE shareholders *		
A Goordeen		
- dividends paid	115	-
- interest received	179	131
- amounts owing by **	1 100	1 037
D Chinnappen		
- dividends paid	115	-
- interest received	179	131
- amounts owing by **	1 100	1 037
* 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.		
Enterprises in which directors have a controlling interest		
BAC Helicopters CC		
- aircraft repairs, maintenance and related expenses	-	383
Enterprises in which the parent company of the group has a controlling interest or significant influence		
Latin Equipment SA		
- sales	6 709	7 571
- warranty expenses	-	480
- amounts owing by	1 240	448
Latin Uruguay SA		
- sales	104	193
Loinette Company Leasing Limited		
- legal expenses *	337	-
- loss on discounting arrangement *	2 466	830

* Refer to note 38.5.2.

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 (2022: 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 42.

Close family members of key management personnel

The following close family members of key management personnel are employees of the group and earn market related salaries from the group:

QI Bell
MO Bell
M Badenhorst
JM Jones
M van Wyngaardt

40 **SUBSEQUENT EVENTS**

No fact or circumstance material to the appreciation of these financial statements has occurred between 31 December 2023 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 2023 R000	Profit (loss) for the year 2022 R000
Southern Africa				
BECSA Holdings Limited	H	H	141 207	4 467
Bell Equipment Company SA Proprietary Limited	O	M	110 202	49 163
Bell Equipment Group Services Proprietary Limited	O	G	409 106	134 141
Bell Equipment Sales South Africa Limited	O	S	133 157	97 800
Bell Equipment SA Holdings Limited	H	H	(2 186)	(1 185)
I A Bell Equipment Company (Namibia) (Proprietary) Limited *	D	D	-	(19)
Bell Equipment Company (Swaziland) (Proprietary) Limited	O	S	266	(89)
K2017044733 (South Africa) (RF) Proprietary Limited	O	B	1 396	1 259
Bell Equipment Foundation	O	T	(8)	(236)
Bell Equipment Properties SA Proprietary Limited	O	P	17 843	16 560
K2019577563 (South Africa) (RF) Proprietary Limited	O	B	729	482
Other Africa				
Bell Equipment Zambia Limited	O	S	80 032	34 242
Bell PTA (Private) Limited	O	S	4 419	4 046
Bell Equipment DRC SARLU *	D	D	-	(5 625)
Europe				
Bell Equipment International SA	H	H	(17 548)	7 713
Bell International Finance Limited	I	I	1 842	2 516
Bell Euro Finance Limited	I	I	11 484	8 305
Bell France SAS	O	S	11 855	(6 908)
Bell Equipment UK Limited	O	S	(19 592)	26 746
Bell Equipment (Deutschland) GmbH	O	A	104 975	64 508
Bell Equipment Russland LLC	R	S	(11 395)	5 682
United States of America				
Bell Equipment North America Inc	O	S	6 920	22 637
Australasia				
Bell Equipment Australia Pty Ltd	O	S	2 471	561

* Operation was deregistered in the prior 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.

	2023	2022
Summarised financial information about BESSA is presented below and represents amounts before intra-group eliminations:	R000	R000
Non-current assets	340 804	408 262
Current assets	1 322 629	1 106 325
Non-current liabilities	445 158	632 915
Current liabilities	896 039	686 868
Revenue	4 384 148	3 928 611
Profit for the year	133 157	97 800
Total comprehensive income for the year	133 157	97 800

In 2019 the group entered into a BBBEE ownership transaction 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.

	2023	2022
Summarised financial information about BECSA is presented below and represents amounts before intra-group eliminations:	R000	R000
Non-current assets	290 417	307 492
Current assets	4 505 154	3 129 211
Non-current liabilities	1 269 133	1 275 935
Current liabilities	3 341 177	2 045 709
Revenue	8 696 727	6 085 322
Profit for the year	110 202	49 163
Total comprehensive income for the year	110 202	49 163

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 an intra-group loan between BESSA and BEGS, as well as dividend payments require approval from the relevant financial institution before such payments are made. Approval was obtained and the intra-group loan between BESSA and BEGS was fully repaid in the current period (2022: R121,6 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 DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

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

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	2023 Total R000	2022 Total R000
L Goosen (resigned with effect from 31 December 2023)	5 089	597	4 088	1 630	11 404	6 715
KJ van Haght	3 408	396	2 401	102	6 307	4 424
A Goordeen	2 894	343	2 252	702	6 191	3 998
Total	**11 391**	**1 336**	**8 741**	**2 434**	**23 902**	**15 137**

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	2023 Total R000	2022 Total R000
DB Chinnappen	3 133	370	1 620	277	5 400	4 194
SR Jones	2 972	342	1 546	52	4 912	3 879
A Mayer (expatriate salary)	4 941	608	1 934	944	8 427	5 955
DE Morris	3 142	368	1 611	104	5 225	4 167
JJ van Wyngaardt	2 479	297	1 421	154	4 351	3 505
D McIlrath	2 003	230	1 236	38	3 507	2 474
JM Fleetwood (appointed 1 July 2022)	2 734	326	871	133	4 064	3 123
TM Du Pisanie (appointed 1 July 2022)	2 070	248	658	120	3 096	2 289
PW Badenhorst (appointed 1 July 2022)	2 100	248	658	190	3 196	2 317
Total	**25 574**	**3 037**	**11 555**	**2 012**	**42 178**	**31 903**

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.

Paid to non-executive directors of the company by the company:	2023 Fees R000	2022 Fees R000
Non-executive directors		
AJ Bell (appointed group chief executive officer with effect from 1 January 2024)	559	568
GW Bell	1 082	956
DH Lawrance	1 077	927
R Naidu	910	793
ME Ramathe	727	692
HR van der Merwe	1 278	803
U Maharaj (appointed 1 April 2022)	542	491
M Geyer (appointed 1 April 2022)	420	345
Total	**6 595**	**5 575**

42 **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. Details of this cash-settled share award plan are disclosed in note 33.1.

			Number of awards							
Executive directors and prescribed officers	**Grant date**	**Strike price**	**Balance at 31 December 2021**	**Granted**	**Expired**	**Balance at 31 December 2022**	**Granted**	**Settled**	**Forfeited**	**Balance at 31 December 2023**
L Goosen (resigned with effect from 31 December 2023)	1 January 2018	13.53	164 669	-	(82 331)	82 338	-	(82 338)	-	-
		-	92 000	-	(46 000)	46 000	-	(46 000)	-	-
	1 January 2019	12.68	247 000	-	(82 331)	164 669	-	(82 331)	-	82 338
		-	138 000	-	(46 000)	92 000	-	(46 000)	-	46 000
	1 January 2020	8.88	247 000	-	-	247 000	-	(82 331)	(82 334)	82 335
		-	138 000	-	-	138 000	-	(46 000)	(46 000)	46 000
	1 January 2021	6.52	247 000	-	-	247 000	-	-	(164 666)	82 334
		-	138 000	-	-	138 000	-	-	(92 000)	46 000
	1 January 2022	12.43	-	247 000	-	247 000	-	-	(247 000)	-
		-	-	138 000	-	138 000	-	-	(138 000)	-
	1 January 2023	14.88	-	-	-	-	489 000	-	(489 000)	-
		-	-	-	-	-	326 000	-	(326 000)	-
Total			**1 411 669**	**385 000**	**(256 662)**	**1 540 007**	**815 000**	**(385 000)**	**(1 585 000)**	**385 007**
KJ van Haght	1 January 2018	13.53	88 000	-	(44 000)	44 000	-	(44 000)	-	-
		-	49 334	-	(24 666)	24 668	-	(24 668)	-	-
	1 January 2019	12.68	132 000	-	(44 000)	88 000	-	(44 000)	-	44 000
		-	74 000	-	(24 666)	49 334	-	(24 666)	-	24 668
	1 January 2020	8.88	132 000	-	-	132 000	-	(44 000)	-	88 000
		-	74 000	-	-	74 000	-	(24 666)	-	49 334
	1 January 2021	6.52	132 000	-	-	132 000	-	-	-	132 000
		-	74 000	-	-	74 000	-	-	-	74 000
	1 January 2022	12.43	-	132 000	-	132 000	-	-	-	132 000
		-	-	74 000	-	74 000	-	-	-	74 000
	1 January 2023	14.88	-	-	-	-	303 000	-	-	303 000
		-	-	-	-	-	202 000	-	-	202 000
Total			**755 334**	**206 000**	**(137 332)**	**824 002**	**505 000**	**(206 000)**	**-**	**1 123 002**
A Goordeen	1 January 2018	13.53	88 000	-	(44 000)	44 000	-	(44 000)	-	-
		-	49 334	-	(24 666)	24 668	-	(24 668)	-	-
	1 January 2019	12.68	132 000	-	(44 000)	88 000	-	(44 000)	-	44 000
		-	74 000	-	(24 666)	49 334	-	(24 666)	-	24 668
	1 January 2020	8.88	132 000	-	-	132 000	-	(44 000)	-	88 000
		-	74 000	-	-	74 000	-	(24 666)	-	49 334
	1 January 2021	6.52	132 000	-	-	132 000	-	-	-	132 000
		-	74 000	-	-	74 000	-	-	-	74 000
	1 January 2022	12.43	-	132 000	-	132 000	-	-	-	132 000
		-	-	74 000	-	74 000	-	-	-	74 000
	1 January 2023	14.88	-	-	-	-	303 000	-	-	303 000
		-	-	-	-	-	202 000	-	-	202 000
Total			**755 334**	**206 000**	**(137 332)**	**824 002**	**505 000**	**(206 000)**	**-**	**1 123 002**
DE Morris	1 January 2018	13.53	41 333	-	(20 667)	20 666	-	(20 666)	-	-
		-	23 333	-	(11 667)	11 666	-	(11 666)	-	-
	1 January 2019	12.68	62 000	-	(20 667)	41 333	-	(20 667)	-	20 666
		-	35 000	-	(11 667)	23 333	-	(11 667)	-	11 666
	1 January 2020	8.88	62 000	-	-	62 000	-	(20 667)	-	41 333
		-	35 000	-	-	35 000	-	(11 667)	-	23 333
	1 January 2021	6.52	62 000	-	-	62 000	-	-	-	62 000
		-	35 000	-	-	35 000	-	-	-	35 000
	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**355 666**	**97 000**	**(64 668)**	**387 998**	**425 000**	**(97 000)**	**-**	**715 998**
DB Chinnappen	1 January 2018	13.53	41 333	-	(20 667)	20 666	-	(20 666)	-	-
		-	23 333	-	(11 667)	11 666	-	(11 666)	-	-
	1 January 2019	12.68	62 000	-	(20 667)	41 333	-	(20 667)	-	20 666
		-	35 000	-	(11 667)	23 333	-	(11 667)	-	11 666
	1 January 2020	8.88	62 000	-	-	62 000	-	(20 667)	-	41 333
		-	35 000	-	-	35 000	-	(11 667)	-	23 333
	1 January 2021	6.52	62 000	-	-	62 000	-	-	-	62 000
		-	35 000	-	-	35 000	-	-	-	35 000
	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**355 666**	**97 000**	**(64 668)**	**387 998**	**425 000**	**(97 000)**	**-**	**715 998**
SR Jones	1 January 2018	13.53	41 333	-	(20 667)	20 666	-	(20 666)	-	-
		-	23 333	-	(11 667)	11 666	-	(11 666)	-	-
	1 January 2019	12.68	62 000	-	(20 667)	41 333	-	(20 667)	-	20 666
		-	35 000	-	(11 667)	23 333	-	(11 667)	-	11 666
	1 January 2020	8.88	62 000	-	-	62 000	-	(20 667)	-	41 333
		-	35 000	-	-	35 000	-	(11 667)	-	23 333
	1 January 2021	6.52	62 000	-	-	62 000	-	-	-	62 000
		-	35 000	-	-	35 000	-	-	-	35 000
	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**355 666**	**97 000**	**(64 668)**	**387 998**	**425 000**	**(97 000)**	**-**	**715 998**
D McIlrath	1 January 2018	13.53	41 333	-	(20 667)	20 666	-	(20 666)	-	-
		-	23 333	-	(11 667)	11 666	-	(11 666)	-	-
	1 January 2019	12.68	62 000	-	(20 667)	41 333	-	(20 667)	-	20 666
		-	35 000	-	(11 667)	23 333	-	(11 667)	-	11 666
	1 January 2020	8.88	62 000	-	-	62 000	-	(20 667)	-	41 333
		-	35 000	-	-	35 000	-	(11 667)	-	23 333
	1 January 2021	6.52	62 000	-	-	62 000	-	-	-	62 000
		-	35 000	-	-	35 000	-	-	-	35 000
	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**355 666**	**97 000**	**(64 668)**	**387 998**	**425 000**	**(97 000)**	**-**	**715 998**
A Mayer	1 January 2018	13.53	41 333	-	(20 667)	20 666	-	(20 666)	-	-
		-	23 333	-	(11 667)	11 666	-	(11 666)	-	-
	1 January 2019	12.68	62 000	-	(20 667)	41 333	-	(20 667)	-	20 666
		-	35 000	-	(11 667)	23 333	-	(11 667)	-	11 666
	1 January 2020	8.88	62 000	-	-	62 000	-	(20 667)	-	41 333
		-	35 000	-	-	35 000	-	(11 667)	-	23 333
	1 January 2021	6.52	62 000	-	-	62 000	-	-	-	62 000
		-	35 000	-	-	35 000	-	-	-	35 000
	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**355 666**	**97 000**	**(64 668)**	**387 998**	**425 000**	**(97 000)**	**-**	**715 998**
JJ van Wyngaardt	1 January 2018	13.53	41 333	-	(20 667)	20 666	-	(20 666)	-	-
		-	23 333	-	(11 667)	11 666	-	(11 666)	-	-
	1 January 2019	12.68	62 000	-	(20 667)	41 333	-	(20 667)	-	20 666
		-	35 000	-	(11 667)	23 333	-	(11 667)	-	11 666
	1 January 2020	8.88	62 000	-	-	62 000	-	(20 667)	-	41 333
		-	35 000	-	-	35 000	-	(11 667)	-	23 333
	1 January 2021	6.52	62 000	-	-	62 000	-	-	-	62 000
		-	35 000	-	-	35 000	-	-	-	35 000
	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**355 666**	**97 000**	**(64 668)**	**387 998**	**425 000**	**(97 000)**	**-**	**715 998**
JM Fleetwood (appointed 1 July 2022)	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**-**	**97 000**	**-**	**97 000**	**425 000**	**-**	**-**	**522 000**
TM Du Pisanie (appointed 01 July 2022)	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**-**	**97 000**	**-**	**97 000**	**425 000**	**-**	**-**	**522 000**
PW Badenhorst (appointed 01 July 2022)	1 January 2022	12.43	-	62 000	-	62 000	-	-	-	62 000
		-	-	35 000	-	35 000	-	-	-	35 000
	1 January 2023	14.88	-	-	-	-	255 000	-	-	255 000
		-	-	-	-	-	170 000	-	-	170 000
Total			**-**	**97 000**	**-**	**97 000**	**425 000**	**-**	**-**	**522 000**
GRAND TOTAL			**5 056 333**	**1 670 000**	**(919 334)**	**5 806 999**	**5 650 000**	**(1 379 000)**	**(1 585 000)**	**8 492 999**

43 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.

	2023 R000	**2022 R000**
Profit from operating activities includes the following government grants:		
- The Automotive Production Development Programme (APDP) *	239 036	144 351
Included in property, plant and equipment are the following government grants:		
- The Automotive Investment Scheme (AIS)	-	7 911
- Improvement of Regional Economic Structures Programme (GRW)	-	23 509

* 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.

BELL EQUIPMENT LIMITED
INFORMATION NOT COVERED BY THE INDEPENDENT AUDITOR'S REPORT
SHAREHOLDER ANALYSIS
31 December 2023

Register date: 31 December 2023
Issued Share Capital: 95 629 385

SHAREHOLDER SPREAD	No of Shareholdings	%	No of Shares	%
1 - 1,000 shares	5 666	88.82	343 331	0.36
1,001 - 10,000 shares	529	8.29	2 018 275	2.11
10,001 - 100,000 shares	149	2.34	4 182 127	4.37
100,001 - 1,000,000 shares	27	0.42	9 207 668	9.63
1,000,001 shares and over	8	0.13	79 877 984	83.53
Totals	**6 379**	**100.00**	**95 629 385**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Banks/Brokers	20	0.31	7 623 638	7.97
Close Corporations	15	0.24	3 288 994	3.44
Endowment Funds	2	0.03	9 000	0.01
Individuals	6 173	96.77	6 332 504	6.62
Insurance Companies	4	0.06	556 057	0.58
Investment Companies	1	0.02	10 000	0.01
Mutual Funds	22	0.34	7 144 236	7.47
Other Corporations	11	0.17	48 293	0.05
Own Holdings	1	0.02	32 233	0.03
Private Companies	57	0.89	69 790 153	72.98
Retirement Funds	3	0.05	222 685	0.24
Trusts	70	1.10	571 592	0.60
Totals	**6 379**	**100.00**	**95 629 385**	**100.00**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	**18**	**0.28**	**67 497 654**	**70.58**
Directors & Associates of the Company	15	0.24	425 328	0.45
Bell Equipment Share Scheme	1	0.01	32 233	0.03
Strategic Holders of more than 10%	2	0.03	67 040 093	70.10
Public Shareholders	**6 361**	**99.72**	**28 131 731**	**29.42**
Totals	**6 379**	**100.00**	**95 629 385**	**100.00**

RESIDENT/NON RESIDENT	No of Shareholdings	%	No of Shares	%
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	No of Shares	%
I A Bell And Company (Pty) Ltd	67 040 093	70.10
Peregrine	4 011 597	4.19
Clark, IAJ	3 139 268	3.28
Peresec Prime Brokers	2 790 307	2.92
Pieconomics Pty Ltd	2 346 181	2.45
Sanlam	1 785 450	1.87
Pershing	1 304 977	1.36
Perspective Investment Management	1 017 275	1.06
Clearstream Banking SA Luxembourg	886 914	0.93
Gilmour, S	754 185	0.79
Totals	**85 076 247**	**88.95**

Top 10 Institutional shareholders	No of Shares	%
Peregrine	4 011 597	4.19
Peresec Prime Brokers	2 790 307	2.92
Sanlam Investment Management	1 761 503	1.84
Pershing Llc	1 304 977	1.36
Perspective Investment Management	1 017 275	1.06
Clearstream Banking SA Luxembourg	886 914	0.93
RMB Securities	495 545	0.52
Morgan Stanley (Custodian)	492 615	0.52
Allan Gray Asset Management	439 580	0.46
Citibank (Custodian)	390 656	0.41
Totals	**13 590 969**	**14.21**

BELL EQUIPMENT LIMITED
INFORMATION NOT COVERED BY THE INDEPENDENT AUDITOR'S REPORT (continued)
SHAREHOLDER ANALYSIS (continued)
31 December 2023

Directors & Associates of the Company		Indirect	No of Shares	%
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		**31 300**	**0.03**
Goosen, L			31 300	0.03
Bell, AJ	Non-executive director		**2 598**	**0.00**
Bell, AJ			2 598	0.00
Mayer, A	Subsidiary director		**5 000**	**0.01**
Mayer, A			5 000	0.01
Du Pisanie, TM	Subsidiary director		**5 655**	**0.01**
Du Pisanie, TM			5 655	0.01
Morris, DE	Subsidiary director		**14 000**	**0.01**
Morris, DE			14 000	0.01
Fleetwood, J	Subsidiary director		**4 515**	**0.00**
Fleetwood, J			4 515	0.00
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**	**318 668**	**0.33**

Bell Equipment Share Scheme	No of Shares	%
Bell Equipment	32 233	0.03
Totals	**32 233**	**0.03**

Strategic Holders of more than 10%	No of Shares	%
I A Bell And Company (Pty) Ltd	67 040 093	70.10
Totals	**67 040 093**	**70.10**

RESIDENT/NON-RESIDENT SPLIT	No of Shareholdings	%	No of Shares	%
South Africa	6 317	99.02	92 014 020	96.22
United States	3	0.04	1 710 633	1.79
Luxembourg	1	0.02	886 914	0.93
United Kingdom	3	0.04	607 893	0.64
Germany	3	0.04	164 100	0.17
France	3	0.04	177 007	0.19
Namibia	18	0.28	54 129	0.06
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
New Zealand	1	0.02	1 000	0.00
Zimbabwe	1	0.02	380	0.00
Botswana	1	0.02	270	0.00
Lesotho	10	0.16	211	0.00
UAE	4	0.06	175	0.00
Eswatini	9	0.14	152	0.00
Honduras	1	0.02	1	0.00
Totals	**6 379**	**100.00**	**95 629 385**	**100.00**

SHAREHOLDER DIARY

Financial year-end	31 December 2023
Integrated annual report	April 2024
Annual general meeting	31 May 2024
Interim results announcement	September 2024

GLOSSARY

31 December 2023

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
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
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
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
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

BELL EQUIPMENT LIMITED
Registration Number: 1968/013656/06

JSE SHARE CODE
BEL

ISIN CODE
ZAE000028304

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