

BELL EQUIPMENT LIMITED
REG. NO. 1968/013656/06

AUDITED ANNUAL
FINANCIAL STATEMENTS
31 December 2022

BELL EQUIPMENT LIMITED
ANNUAL FINANCIAL STATEMENTS
31 December 2022

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The preparation of these separate annual financial statements was supervised by KJ Van Hagt CA(SA), and have been audited in accordance with the applicable requirements of the Companies Act of South Africa.

Directors:

AJ Bell - Non-executive director
A Goordeen - Alternate director - appointed 18 June 2021
DH Lawrance - Independent non-executive director
GW Bell - Non-executive chairman
HR van der Merwe - Lead independent non-executive director
JR Barton - Independent non-executive director - resigned 16 February 2022
KJ van Hagt - Group finance director
L Goosen - Group chief executive
ME Ramathe - Independent non-executive director
R Naidu - Independent non-executive director
U Maharaj - Independent non-executive director - appointed 1 April 2022
M Geyer - Independent non-executive director - appointed 1 April 2022

COMPANY SECRETARY:

D McIlrath

Business address: 13-19 Carbonode Cell, Alton, Richards Bay, 3900.

Postal address: Private Bag X20046, Empangeni, 3880.

BELL EQUIPMENT LIMITED
ANNUAL FINANCIAL STATEMENTS
31 December 2022

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of Bell Equipment Limited are responsible for the integrity of the separate annual financial statements of the company.

In order to fulfil this responsibility, the company 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 company's policies and procedures.

The separate 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 group annual financial statements have been published on the company's website www.bellir.co.za.

The audit committee reviewed management's assessment of the going concern status of the company at year-end and for the foreseeable future. The audit committee concurred with management's assessment that the company is a going concern and recommended the adoption of the going concern concept by the company to the board.

The separate annual financial statements, which appear on pages 6 to 35 were approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:



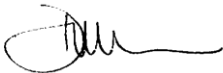
L Goosen
Chief Executive
31 March 2023



KJ van Hagt
Finance Director

CERTIFICATION BY THE COMPANY SECRETARY

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
Group Company Secretary
31 March 2023

INDEPENDENT AUDITOR'S REPORT To the Shareholders of Bell Equipment Limited

Opinion

We have audited the financial statements of Bell Equipment Limited (the Company) set out on pages 13 to 35, which comprise the statements of financial position as at 31 December 2022, the statements of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Financial Statements* section of our report. We are independent of the Company 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report on the separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Approval of the annual financial statements, the Directors' Report, the Audit Committee's Report, and the Certification by the Company Secretary, as required by the Companies Act of South Africa. The other information does not include financial statements and our auditor's report thereon.



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Bell Equipment Limited (continued)

Other Information (continued)

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

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

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

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Bell Equipment Limited (continued)

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

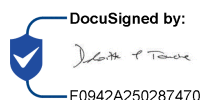
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, related safeguards.

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

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 & Touche has been the auditor of Bell Equipment Limited for 29 years.



Deloitte & Touche

Registered Auditor

Per Andrew Kilpatrick CA(SA); RA

Partner

31 March 2023

BELL EQUIPMENT LIMITED
DIRECTORS' REPORT
for the year ended 31 December 2022

The directors submit the separate annual financial statements for Bell Equipment Limited for the year ended 31 December 2022.

NATURE OF BUSINESS

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

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

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

FINANCIAL RESULTS

The results of the company are fully disclosed in the accompanying financial statements and notes thereon.

STATED CAPITAL

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

DIVIDENDS

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

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

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

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

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 14 to the separate annual financial statements.

BELL EQUIPMENT LIMITED
DIRECTORS' REPORT (continued)
for the year ended 31 December 2022

DIRECTORS

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

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

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

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

Details of the directors of the company appear on page 1 of this report.

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

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

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

The remuneration paid to directors of the company during the period under review is set out in note 19 to the separate annual financial statements.

MAJOR SHAREHOLDER

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

	2022	2021
IA Bell & Company Proprietary Limited	70.10%	70.10%

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

COMPANY SECRETARY

The company secretary is Diana McIlrath. Her particulars and business address appear on page 98 of the Bell group's 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.

BELL EQUIPMENT LIMITED
DIRECTORS' REPORT (continued)
for the year ended 31 December 2022

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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 Bell 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 Bell 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 5 to the separate annual financial statements.

SUBSEQUENT EVENTS

Shareholders are referred to note 18 to the separate annual financial statements.

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

CONCLUSION

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

Signed on behalf of the board



Leon Goosen
Chief executive
31 March 2023



KJ van Hagt
Finance Director

BELL EQUIPMENT LIMITED
AUDIT COMMITTEE REPORT
for the year ended 31 December 2022

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

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

COMPOSITION

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

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

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

The board is satisfied that for the 2022 year:

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

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

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

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

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

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

FREQUENCY AND ATTENDANCE OF MEETINGS

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

Attendance by members was as follows:

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

OBJECTIVE AND SCOPE

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

BELL EQUIPMENT LIMITED
AUDIT COMMITTEE REPORT (continued)
for the year ended 31 December 2022

COMBINED ASSURANCE

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

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

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

EXTERNAL AUDIT

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

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

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

The committee has applied its mind to the key audit areas of the group 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 Bell group.

The committee is satisfied that this has been adequately addressed and disclosed in the consolidated annual financial statements.

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

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

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

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

INTERNAL AUDIT

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

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

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

INTERNAL FINANCIAL CONTROL

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

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

The CEO and CFO's evaluation of controls included:

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

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

EXPERTISE AND EXPERIENCE OF THE GROUP FINANCE DIRECTOR AND FINANCE FUNCTION

The committee has reviewed and has satisfied itself that the chief finance officer, Karen van Hagt, 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.

BELL EQUIPMENT LIMITED
AUDIT COMMITTEE REPORT (continued)
for the year ended 31 December 2022

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GOING CONCERN, ANNUAL FINANCIAL STATEMENTS AND INTEGRATED ANNUAL REPORT

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

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

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

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

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

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

CONCLUSION

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



DH Lawrance
Chairman
Audit committee
31 March 2023

BELL EQUIPMENT LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Notes	2022 R000	2021 R000
ASSETS			
Non-current assets		3 409 940	3 304 428
Investments in subsidiary companies	5	1 684 879	1 685 492
Amounts owing by subsidiary companies	6	1 725 061	1 618 936
Current assets		34 105	133 428
Other receivables and prepayments		148	405
Current taxation assets		18	323
Current portion of amounts owing by subsidiary companies	6	33 939	132 700
Cash and bank balances		-	-
TOTAL ASSETS		3 444 045	3 437 856
EQUITY AND LIABILITIES			
Capital and reserves		3 441 565	3 435 580
Stated capital	7	235 541	235 541
Equity-settled employee benefits reserve	8	-	3 592
Retained earnings		3 206 024	3 196 447
Current liabilities		2 480	2 276
Other payables	9	2 480	2 276
TOTAL EQUITY AND LIABILITIES		3 444 045	3 437 856

BELL EQUIPMENT LIMITED
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 R000	2021 R000
Revenue	10	66 341	74 242
Other operating income		55	1 675
Administration expenses		(11 377)	(29 788)
Profit from operating activities	11	55 019	46 129
Interest income	12	14	-
Profit before taxation		55 033	46 129
Taxation	13	(667)	(1 612)
Profit for the year		54 366	44 517
Other comprehensive income		-	-
Total comprehensive income for the year		54 366	44 517

BELL EQUIPMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Stated capital R000	Equity-settled employee benefits reserve R000	Retained earnings R000	Total R000
Balance at 1 January 2021	235 541	8 173	3 148 430	3 392 144
Total comprehensive income for the year	-	-	44 517	44 517
Decrease in equity-settled employee benefits reserve	-	(4 581)	3 500	(1 081)
Balance at 31 December 2021	235 541	3 592	3 196 447	3 435 580
Total comprehensive income for the year	-	-	54 366	54 366
Decrease in equity-settled employee benefits reserve	-	(3 592)	3 026	(566)
Dividends paid	-	-	(47 815)	(47 815)
Balance at 31 December 2022	235 541	-	3 206 024	3 441 565

BELL EQUIPMENT LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	2022	2021
	R000	R000
CASH FLOW GENERATED FROM OPERATING ACTIVITIES		
Profit from operating activities	55 019	46 129
Adjustments for:		
Impairment loss recognised on investments in subsidiary companies	47	12 280
Interest income accrued	(31 334)	(31 123)
Unrealised exchange differences	-	(946)
Cash generated from operations before working capital changes	23 732	26 340
Decrease (increase) in other receivables and prepayments	257	(331)
Decrease (increase) in amounts owing by subsidiary companies	23 970	(20 807)
Increase (decrease) in other payables	204	(2 385)
Cash generated from operations	48 163	2 817
Interest received	14	-
Taxation paid	(362)	(1 612)
Net cash generated from operating activities	47 815	1 205
CASH FLOW UTILISED IN FINANCING ACTIVITIES		
Decrease in amounts owing to subsidiary companies	-	(1 205)
Dividends paid	(47 815)	-
Utilised in financing activities	(47 815)	(1 205)
Net movement in cash for the year *	-	-
Net cash at beginning of the year *	-	-
Net cash at end of the year *	-	-

* The bank balance is swept to the company's subsidiary, Bell Equipment Group Services Proprietary Limited, on a daily basis.

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 1. The principal activities of the company are described in the directors' report under the heading general review.

2 Accounting framework

2.1 Statement of compliance

The 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 unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. The accounting policies are consistent with those applied to the previous year.

The significant accounting policies adopted are set out below and in the related notes to the annual financial statements.

Consolidated annual financial statements have been prepared and separately issued. Bell Equipment Limited is the holding company of the Bell group. Consolidated annual financial statements are prepared at a Bell group level.

2.2 Principal accounting policies

2.2.1 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'). The financial statements are presented in South African Rand, which is the company's functional and presentation currency, rounded to the nearest thousand.

Transactions and balances

In preparing the financial statements, transactions in currencies other than the company'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.

Gains and losses arising on translation of foreign currency transactions are dealt with in profit or loss.

3 Adoption of new and amended international financial reporting standards and interpretations

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

3.1 New and amended standards adopted

During the current year, no new standards have been adopted but the company adopted certain amended standards which had no significant impact on the annual 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 company were in issue but not yet effective.

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

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

4 Significant accounting judgements and accounting estimates

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 judgements made by management are described below:

Investments in subsidiary companies

- a) Judgements in determining whether or not the company controls an investee (refer to note 5)
- b) Judgements in respect of the impairment of investments in subsidiary companies (refer to note 5)

5 **Investments in subsidiary companies**

Accounting policy

The company's investment in subsidiary companies comprises of equity investments.

The company accounts for investments in subsidiary companies at cost less accumulated impairment losses. Impairments are assessed with reference to the projected profitability of the subsidiary companies. Upon disposal of the investment, any related balances within the statement of financial position are recognised in profit or loss.

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), 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 Bell 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 Bell 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 company therefore controls the BESSA BEE SPV. The entity is also a shareholder in the 2019 BEE transaction described in note 5.2 of the financial statements.

Control over K2019577563 (South Africa) (RF) Proprietary Limited (BEE Manco)

The Bell group established this entity with the sole purpose to acquire and maintain BBBEE credentials for BECSA and BESSA. Refer to note 5.2. BEE Manco is subject to a 10 year lock-in period during which the entity will be unable to sell shares held in the Bell 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.

Control over the broad based trust, Bell Equipment Foundation (BEF)

The trust was founded by the Bell group in 2017 and the sole purpose of the trust is to hold shares in Bell group companies and to distribute dividends earned to participating beneficiaries. In terms of the trust deed, the company may at any time appoint or remove trustees. The company 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 company. These activities allow the company to obtain variable returns from the BBBEE credentials in the trust. The company therefore controls the trust. The entity is also a shareholder in the 2019 BEE transaction described in note 5.2 of the financial statements.

Investments in subsidiaries

Investments in subsidiary companies are assessed annually for indicators of impairment. Where such indication exists, the investments are subsequently reflected at cost less impairment.

5 **Investments in subsidiary companies (continued)**

	2022	2021
	R000	R000
Local subsidiaries		
Shares at cost	1 068 905	1 068 905
Total local subsidiaries	1 068 905	1 068 905
Foreign subsidiaries		
Balance at beginning of the year	616 587	659 785
Impairment losses recognised on investment in I A Bell Equipment Company (Namibia) (Proprietary) Limited	(613)	(43 765)
Recognition of share-based payments	-	567
Total foreign subsidiaries	615 974	616 587
Total investments in subsidiary companies	1 684 879	1 685 492

	Effective holding % 2022	Effective holding % 2021
Southern Africa		
BECSA Holdings Limited *	100	100
Bell Equipment Company SA Proprietary Limited (BECSA)	100	100
Bell Equipment Group Services Proprietary Limited *	100	100
Bell Equipment Sales South Africa Limited (BESSA) **	78	78
Bell Equipment SA Holdings Limited *	100	100
I A Bell Equipment Company (Namibia) (Proprietary) Limited ***	-	100
Bell Equipment Company (Swaziland) (Proprietary) Limited	100	100
K2017044733 (South Africa) (RF) Proprietary Limited **	-	-
Bell Equipment Foundation Trust **	-	-
Bell Equipment Properties SA Proprietary Limited (BEPSA)	100	100
K2019577563 (South Africa) (RF) Proprietary Limited *	-	-
Other Africa		
Bell Equipment Company (Zambia) Limited	100	100
Bell PTA (Private) Limited	100	100
Europe		
Bell Equipment International SA	100	100
Bell International Finance Limited	100	100
Bell Euro Finance Limited	100	100
Bell France SAS	100	100
Bell Equipment UK Limited	100	100
Bell Equipment (Deutschland) GmbH	100	100
Bell Equipment Russland LLC	100	100
United States of America		
Bell Equipment North America Inc.	100	100
Australasia		
Bell Equipment Australia Pty Limited	100	100

Except for K2017044733 (South Africa) (RF) Proprietary Limited, the Bell Equipment Foundation Trust and K2019577563 (South Africa) (RF) Proprietary Limited, the company's control is exercised directly by holding the majority of the voting rights of the ordinary shares in all its subsidiaries as indicated above. Refer to above accounting policy for the company's control over the BESSA BEE SPV, BEF and BEE Manco.

*** BBBEE ownership transaction concluded in December 2019**

During 2019 the company entered into a BBBEE transaction for BECSA and BESSA. Details of the transaction are disclosed in note 5.2.

**** BBBEE ownership transaction concluded in 2017**

During 2017 the company entered into a BBBEE ownership transaction for BESSA. In terms of this transaction, the BESSA BEE SPV and a broad based trust, Bell Equipment Foundation Trust, acquired 22,5% and 7,5% respectively of the issued share capital of BESSA. The structure is described in note 5.1.

*** The company was deregistered in the current year as the operation has ceased trading.

5 **Investments in subsidiary companies (continued)**

5.1 **BBBEE ownership transaction concluded in 2017 - BESSA**

5.1.1 **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.

5.1.2 **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.

5 **Investments in subsidiary companies (continued)**

5.2 **BBBEE ownership transaction concluded in December 2019 - BECSA and BESSA**

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

The BEE shareholders in this BEE transaction are the following:

- key black executives in the group; and
- the existing BESSA BEE shareholders, BESSA BEE SPV, as well as BEF the beneficiaries of which are black women.

No non-controlling interest was recognised in the group's financial statements 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.

5.2.1 **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).

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.

6 **Amounts owing by subsidiary companies**

Accounting policy

Financial assets are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Loans to fellow subsidiary companies and holding company are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

	2022	2021
	R000	R000
Bell Equipment Company SA Proprietary Limited - loan (i)	75 563	75 780
- Class A preference shares (ii)	57 142	57 142
- Class B preference shares (ii)	799 940	799 940
Bell Equipment Group Services Proprietary Limited (iii) (current)	20 811	45 152
Bell Equipment Company (Swaziland) (Proprietary) Limited (iv) (current)	7 878	7 878
Bell Equipment Properties SA Proprietary Limited	-	43
I A Bell and Company (Pty) Ltd	-	729
K2017044733 (South Africa) (RF) Proprietary Limited (current)	81	42
	961 415	986 706
 (i) The amount owing relates to a non-interest-bearing loan and is carried at amortised cost. The loan is unsecured and has no fixed terms of repayment.		
 (ii) As part of the 2019 BEE Transaction, BECSA declared a dividend to the company which was used to subscribe for preference shares in BECSA. Refer to note 5.2. BECSA issued 6 667 Class A preference shares and 93 333 Class B preference shares to the company. These preference shares are cumulative, redeemable, non-participating shares. The Class A preference shares are redeemable at the option of BECSA on or before the tenth anniversary of the issue date. The Class B preference shares are redeemable at the option of BECSA on or before the twentieth anniversary of the issue date. The coupon rate on the Class A preference shares is the prime interest rate in South Africa, after tax, per annum. The coupon rate on the Class B preference shares is 0% for the first 10 years and thereafter the prime interest rate in South Africa, after tax, per annum.		
 (iii) The amount owing relates to dividends, interest and bank guarantee fees swept to BEGS's bank account and is carried at amortised cost. The loan is unsecured and has no fixed terms of repayment.		
 (iv) The amount owing relates to interest-bearing loans and is carried at amortised cost. The loan is unsecured and has no fixed terms of repayment.		
Bell Equipment Foundation Trust		
Non-interest-bearing loan (carried at amortised cost) (current)	799	481
The loan to Bell Equipment Foundation Trust has no interest and is repayable on demand.		
Bell Equipment SA Holdings Limited (BHL)		
Cumulative redeemable preference shares (carried at amortised cost) (v)		
- cumulative redeemable preference shares	81 000	81 000
- coupon accrued	16 241	10 352
	97 241	91 352
 (v) This relates to the BBBEE ownership transaction as described in note 5.2. These are financial instruments. The preference shares are redeemable at the option of BHL on or before 31 December 2029. The coupon rate is based on the prime interest rate in South Africa plus 1,5% (2021: prime plus 3%), after tax, per annum. The coupon is cumulative and payable when the preference shares are redeemed.		
BECSA Holdings Limited		
Cumulative redeemable preference shares (carried at amortised cost) (vi)		
- cumulative redeemable preference shares	350 000	350 000
- coupon accrued	70 175	44 730
	420 175	394 730
 (vi) This relates to the BBBEE ownership transaction as described in note 5.2. These are financial instruments. The preference shares are redeemable at the option of BECSA Holdings Limited on or before 31 December 2029. The coupon rate is based on the prime interest rate in South Africa plus 1,5% (2021: prime plus 3%), after tax, per annum. The coupon is cumulative and payable when the preference shares are redeemed.		
The preference shares are 'adjustable' preference shares in BECSA Holdings, whereby a minimum net value is guaranteed for the BECSA Holdings ordinary shares held by the BEF, the Managers (shares held directly in BECSA Holdings and indirectly through BHL) and the BESSA BEE SPV. To ensure the minimum net value, the amount at which BECSA Holdings will redeem the preference shares will be the lower of:		
- the face value plus coupon less redemption, or		
- an amount guaranteed to give Net Value points (such that the BEE party has an unencumbered share in BECSA Holdings at year nine).		
Bell Equipment Sales South Africa Limited		
Cumulative redeemable preference shares (carried at amortised cost) (vii)		
- cumulative redeemable preference shares	275 000	275 000
- coupon accrued (current)	4 370	3 367
	279 370	278 367
 (vii) This relates to the BBBEE ownership transaction as described in note 5.1.1. These are financial instruments. The preference shares are redeemable at the option of the company on or after 6 April 2020 or at any time by BESSA. The coupon rate is based on the prime interest rate in South Africa plus 3% per annum after tax. The coupon rate for 2022 was 10,5% (2021: 9,5%) per annum. The coupons are payable on a monthly basis.		
Total amounts owing by subsidiary companies and holding company	1 759 000	1 751 636
Less: current portion	(33 939)	(132 700)
Long-term portion of amounts owing by subsidiary companies and holding company	1 725 061	1 618 936

Related party balances are disclosed in note 17.

BELL EQUIPMENT LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

7	Stated capital	2022	2021
		R000	R000
	Authorised		
	100 000 000 (2021: 100 000 000) ordinary shares of no par value		
	Issued		
	95 629 385 (2021: 95 629 385) ordinary shares of no par value	235 541	235 541
		<hr/> <hr/>	<hr/> <hr/>

8	Equity-settled employee benefits reserve	2022	2021
		R000	R000
	Balance at beginning of the year	3 592	8 173
	Decrease in equity-settled employee benefits reserve *	(3 592)	(4 581)
	Balance at end of the year	-	3 592
		<hr/> <hr/>	<hr/> <hr/>

* Details of the employee share option plans are set out in note 14.

9	Other payables	2022	2021
	<i>Accounting policy</i>		
	Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as financial liabilities at amortised cost and are measured at amortised cost.		
		R000	R000
	Other payables (carried at amortised cost) *	2 480	2 276
		<hr/> <hr/>	<hr/> <hr/>

* Other payables include sundry creditors, value added taxation (VAT) and expense accruals.

The directors consider that the carrying amount of other payables approximates their fair value.

10 **Revenue**

Accounting policy

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

Revenue recognition

The company recognises revenue from the following major sources from its subsidiaries:

- management fees
- bank guarantee fees
- dividends from equity investments
- interest income

10.1 **Management fees**

Management fees received are recognised as revenue as and when the administrative services have been rendered.

10.2 **Bank guarantee fees**

Bank guarantee fees are recognised as revenue when the services have been rendered.

10.3 **Dividends from equity investments**

Dividend income from investments is recognised as revenue when the company's right to receive payment has been established.

10.4 **Interest income**

Interest income is recognised using the effective interest method.

	2022	2021
	R000	R000
Revenue represents		
Management fees	3 000	3 000
Bank guarantee fees	3 973	3 368
Dividends from equity investments *	830	13 296
Interest income	58 538	54 578
Total revenue	66 341	74 242
Timing of revenue recognition		
At a point in time		
Management fees	3 000	3 000
Bank guarantee fees	3 973	3 368
Dividends from equity investments *	830	13 296
Total	7 803	19 664
Over time		
Interest income	58 538	54 578
Total	58 538	54 578
Total revenue	66 341	74 242
Related party transactions are disclosed in note 17.		
* Dividends were declared to the company as follows:		
I A Bell Equipment Company (Namibia) (Pty) Limited	95	12 046
Bell Equipment SA Holdings Limited	735	1 250
Total	830	13 296

11 **Profit from operating activities**

	2022	2021
	R000	R000
Profit from operating activities is arrived at after taking into account:		
Income		
Currency exchange gains	-	946
Expenditure		
Auditors' remuneration		
- audit fees - current	1 904	1 626
- prior	214	331
- other services	11	10
Consulting fees	991	5 727
Impairment loss recognised on investments in subsidiary companies	47	12 280
Non-executive directors' fees	5 575	7 901

Details of remuneration paid to non-executive directors of the company are set out in note 19.

12 **Interest income**

	2022	2021
	R000	R000
Interest income earned on the following:		
Income tax refunds owing by The South African Revenue Service (SARS)	14	-
Total interest income	14	-

13 **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 company's liability 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

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.

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 company 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 company intends to settle its current taxation assets and liabilities on a net basis.

	2022	2021
	R000	R000
Taxation recognised in profit or loss		
South African normal taxation		
Current taxation - current year	983	942
- prior year	(408)	-
Withholding taxation	92	670
Total taxation charge recognised in profit or loss	667	1 612

	2022	2021
Reconciliation of rate of taxation (%)		
Standard rate of taxation	28	28
Adjustment for:		
Exempt dividend income	-	(8)
Exempt accounting interest	(29)	(32)
Exempt impairment on investment	-	7
Disallowed expenses	2	7
Withholding taxation	-	1
Effective rate of taxation	1	3

14 **Share-based payment arrangements with employees**

Accounting Policy

Equity-settled share-based payments

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

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

Cash-settled share-based payments

The company 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 company's statement of profit or loss. Services received from employees are recognised by the company 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.

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

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

14.1.1 **Share options granted**

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

Grant date	Tranches	Initial number of options granted	Expiry date	Exercise price	Fair value at grant date
15 May 2012	Tranche 1	316 666	14 May 2022	R 21.35	R 12.79
15 May 2012	Tranche 2	316 667	14 May 2022	R 21.35	R 13.18
15 May 2012	Tranche 3	316 667	14 May 2022	R 21.35	R 13.54

14.1.2 **Movement in share options for the year**

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

	2022		2021	
	Number of options	Weighted average exercise price R	Number of options	Weighted average exercise price R
Balance at beginning of the year	372 000	21.35	1 047 000	16.24
Forfeited during the year	-	-	(72 500)	16.49
Expired during the year *	(372 000)	21.35	(602 500)	13.06
Balance at end of the year	-	-	372 000	21.35

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

14 **Share-based payment arrangements with employees (continued)**

14.2 **Cash-settled employee share award plan**

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

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

14.2.1 **Share awards granted**

The following share-based payment arrangements were in existence during the reporting period:

Grant date	Phantom share units							Strike price of units with a strike price
	With a strike price	With a strike price of zero	Vesting January 2023	Vesting January 2024	Vesting January 2025	Vesting January 2026	Vesting January 2027	
1 January 2018	294 333	165 333	459 666	-	-	-	-	R 13.53
1 January 2019	588 667	330 666	459 667	459 666	-	-	-	R 12.68
1 January 2020	883 000	496 000	459 667	459 667	459 666	-	-	R 8.88
1 January 2021	883 000	496 000	-	459 667	459 667	459 666	-	R 6.52
1 January 2022	1 069 000	601 000	-	-	556 667	556 667	556 666	R 12.43
Total share units	3 718 000	2 088 999	1 379 000	1 379 000	1 476 000	1 016 333	556 666	

Refer to the number of phantom share awards held by directors of the company in note 20.

14.2.2 **Fair value of share awards granted**

The fair value of the phantom share awards was measured at the end of the year using the Black-Scholes pricing model. A liability of R28,2 million (2021: R10,0 million) was raised for this cash-settled employee share award plan in the group's annual financial statements.

Inputs into the model	Measurement date	
	31 December 2022	31 December 2021
Spot price of the option	R 15.25	R 12.35
Dividend yield	3.3%	0.0%
Expected volatility of the share price	48.3%	63.6%
Risk-free interest rate	7.7% - 7.9%	4.9% - 6.6%

14.2.3 **Movement in share awards granted**

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

	2022		2021	
	Number of awards	Weighted average strike price R	Number of awards	Weighted average strike price R
Balance at beginning of the year	5 056 333	6.48	4 525 000	7.45
Expired during the year	(919 334)	8.39	(459 667)	8.66
Granted during the year	1 670 000	7.96	1 573 000	4.17
Forfeited during the year	-	-	(582 000)	6.08
Balance at end of the year	5 806 999	6.60	5 056 333	6.48

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

15 **Contingent liabilities**

Accounting policy

Contingent liabilities are not recognised as liabilities because they are either possible obligations and the company'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 either it is not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

	2022 R000	2021 R000
The company provided suretyships for the overdrafts, short-term borrowings and loans made to subsidiaries	1 259 068	657 098

16 **Financial instruments**

Financial assets

Financial assets carried on the statement of financial position are classified into the following category:

- financial assets at amortised cost.

Classification is determined by both the company's business model as well as the contractual cash flow characteristics of the asset. Financial assets carried on the statement of financial position include amounts owed by subsidiary companies and the holding company. The company's business model for this category is disclosed in note 6.

Financial liabilities

Financial liabilities carried on the statement of financial position are classified into the following category:

- financial liabilities at amortised cost.

Financial liabilities as disclosed in the statement of financial position include other payables.

Offsetting financial instruments

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

Categories of financial instruments	2022 R000	2021 R000
Financial assets		
Financial assets at amortised cost		
- Amounts owing by subsidiary companies	1 759 000	1 751 636
Total financial assets	<u>1 759 000</u>	<u>1 751 636</u>

The directors consider that the carrying amount of financial assets approximates their fair value.

16 **Financial instruments (continued)**

Financial risk management

The company's approach to risk management includes being able to identify, describe and analyse risks at all levels, with mitigating actions being implemented at the appropriate point of activity. The overall risk strategy remains unchanged with emphasis on sustainability and liquidity.

In the normal course of its operations, the company is exposed to capital, liquidity, credit and market risks (foreign currency risk).

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

16.1 **Capital risk management**

The company's overall strategy is to secure the long-term sustainability of the company. This is consistent with the prior year.

The capital structure of the company consists of all components of equity, comprising issued capital and reserves, as disclosed in notes 7 to 8, and retained earnings.

16.2 **Liquidity risk**

The company manages liquidity risk by management of investments in and amounts owing by subsidiary companies.

At year-end the company had no remaining contractual maturities.

16 **Financial instruments (continued)**

16.3 **Credit risk**

Credit risk consists mainly of indebtedness by subsidiaries. The company's credit risk is regularly monitored by management.

The carrying amount of financial assets recorded in the financial statements, represents the company's maximum exposure to credit risk.

The directors consider that the carrying amount of amounts owing by subsidiary companies approximates their fair value.

16.4 **Market risk**

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. There has been no change to the company's exposure to market risk or the manner in which it is managed.

16.4.1 **Currency risk**

The company undertakes certain transactions denominated in foreign currencies. As a result, the company is exposed to foreign currency risk due to exchange rate movements.

At year-end there were no foreign currency denominated monetary assets in the statement of financial position.

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

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

- profit before taxation and equity for the year ended 31 December 2022 would have increased by Rnil (2021: profit before taxation and equity would have increased by Rnil).

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

17 **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 company'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 company and a party related to the company, regardless of whether a price is charged.

The company 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 company and related parties and balances at the year-end are detailed below:

	2022	2021
	R000	R000
Shareholders		
I A Bell and Company (Pty) Ltd		
- amounts owing by - recovery of costs relating to shareholder action	-	729
Subsidiaries		
Bell Equipment Company SA Proprietary Limited		
- coupon income on redeemable preference shares	3 537	2 892
- amounts owing by	75 563	75 780
- amounts owing by - preference shares	857 082	857 082
Bell Equipment Group Services Proprietary Limited		
- management fee received	3 000	3 000
- amounts owing by	20 811	45 152
Bell Equipment Sales South Africa Limited		
- coupon income on redeemable preference shares	22 963	19 858
- amounts owing by - preference shares	279 370	278 367
I A Bell Equipment Company (Namibia) (Proprietary) Limited		
- dividend received	95	12 046
Bell Equipment Company (Swaziland) (Proprietary) Limited		
- interest received	704	704
- amounts owing by	7 878	7 878
Bell Equipment Foundation Trust		
- amounts owing by	799	481
Bell Equipment International SA		
- bank guarantee fee received	172	640
Bell International Finance Limited		
- bank guarantee fee received	71	176
Bell Euro Finance Limited		
- bank guarantee fee received	98	347
Bell Equipment (Deutschland) GmbH		
- bank guarantee fee received	3 152	1 786
Bell Equipment UK Limited		
- bank guarantee fee received	42	93
Bell Equipment Company (Zambia) Limited		
- bank guarantee fee received	437	327
BECSA Holdings Limited		
- coupon income on redeemable preference shares	25 445	25 274
- amounts owing by - preference shares	420 175	394 730
Bell Equipment SA Holdings Limited		
- coupon income on redeemable preference shares	5 889	5 849
- amounts owing by - preference shares	97 241	91 352
- dividend received	735	1 250
K2017044733 (South Africa) (RF) Proprietary Limited		
- amounts owing by	81	42
Bell Equipment Properties SA Proprietary Limited		
- amounts owing by	-	43

An amount of Rnil (2021: Rnil) was recognised in the current period for expected credit losses. No amounts have been written off as credit-impaired. There have been no defaults on payments in the past.

Compensation of key management personnel

The remuneration of executive and non-executive directors of the company are disclosed in note 19 and share options held by directors of the company are disclosed in note 20.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022****18 Subsequent events****18.1 Final dividend declared**

A final gross cash dividend of 90 cents per ordinary share was declared by the board on 31 March 2023 for the year ended 31 December 2022. The net final dividend is 72 cents per share for ordinary shareholders who are not exempt from dividends tax. The dividend withholding tax rate is 20 percent. The dividend will be paid on 24 April 2023. The issued share capital at the declaration date was 95 629 385 ordinary shares.

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

19 **Directors' remuneration**

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

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

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.

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

BELL EQUIPMENT LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

20 Share options held by directors

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

		Balance at 31 December 2020	Exercised	Expired	Balance at 31 December 2021	Exercised	Expired	Balance at 31 December 2022
Executive directors	Exercise price	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options
L. Goosen	13.06	50 000	-	(50 000)	-	-	-	-
	21.35	30 000	-	-	30 000	-	(30 000)	-
Total		80 000	-	(50 000)	30 000	-	(30 000)	-
KJ van Haght	13.06	50 000	-	(50 000)	-	-	-	-
	21.35	30 000	-	-	30 000	-	(30 000)	-
Total		80 000	-	(50 000)	30 000	-	(30 000)	-
GRAND TOTAL		160 000	-	(100 000)	60 000	-	(60 000)	-

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

		Balance at 31 December 2020	Granted	Expired	Balance at 31 December 2021	Granted	Expired	Balance at 31 December 2022
Executive directors	Strike price	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards
L. Goosen	13.53	247 000	-	(82 331)	164 669	-	(82 331)	82 338
	-	138 000	-	(46 000)	92 000	-	(46 000)	46 000
	12.68	247 000	-	-	247 000	-	(82 331)	164 669
	-	138 000	-	-	138 000	-	(46 000)	92 000
	8.88	247 000	-	-	247 000	-	-	247 000
	-	138 000	-	-	138 000	-	-	138 000
	6.52	-	247 000	-	247 000	-	-	247 000
	-	-	138 000	-	138 000	-	-	138 000
	12.43	-	-	-	-	247 000	-	-
Total		1 155 000	385 000	(128 331)	1 411 669	385 000	(256 662)	1 540 007
KJ van Haght	13.53	132 000	-	(44 000)	88 000	-	(44 000)	44 000
	-	74 000	-	(24 666)	49 334	-	(24 666)	24 668
	12.68	132 000	-	-	132 000	-	(44 000)	88 000
	-	74 000	-	-	74 000	-	(24 666)	49 334
	8.88	132 000	-	-	132 000	-	-	132 000
	-	74 000	-	-	74 000	-	-	74 000
	6.52	-	132 000	-	132 000	-	-	132 000
	-	-	74 000	-	74 000	-	-	74 000
	12.43	-	-	-	-	132 000	-	-
Total		618 000	206 000	(68 666)	755 334	206 000	(137 332)	824 002
GRAND TOTAL		1 773 000	591 000	(196 997)	2 167 003	591 000	(393 994)	2 364 009