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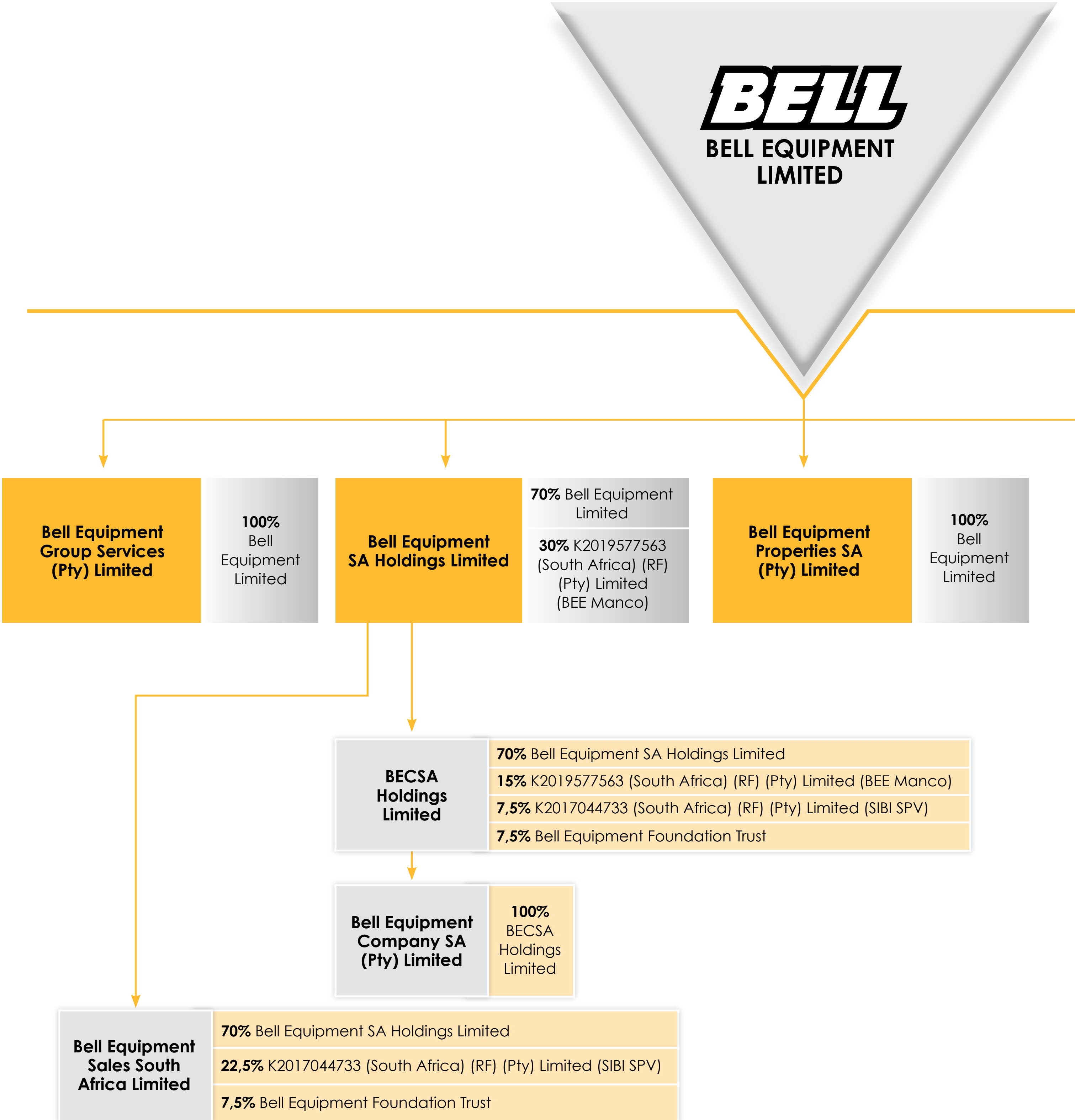
2020

BELL EQUIPMENT LIMITED
AUDITED ANNUAL FINANCIAL STATEMENTS

Contents

Global corporate structure 2
Responsibility for financial statements 4
Directors' report 6
Audit committee report 9
Independent auditor's report 13
Consolidated statement of financial position 19
Consolidated statement of profit or loss 20
Consolidated statement of profit or loss and other comprehensive income 21
Consolidated statement of changes in equity 22
Consolidated statement of cash flows 23
Notes to the consolidated statement of cash flows 24
Notes to the consolidated annual financial statements 27
Shareholder analysis 117
Glossary 119
Corporate information 120

Global corporate structure



Bell Equipment Company (Swaziland) (Pty) Limited
100% Bell Equipment Limited

IA Bell Equipment Company (Namibia) (Pty) Limited
100% Bell Equipment Limited

Bell Equipment International SA
100% Bell Equipment Limited

- **Bell Equipment (Deutschland) GmbH**
- **Bell Equipment North America Inc**
- **Bell Equipment UK Limited**
- **Bell Equipment Company (Zambia) Limited**
- **Bell France SAS**
- **Bell Equipment Russland LLC**
- **Bell PTA (Private) Limited**
- **Bell Equipment Australia Pty Limited**
- **Bell Equipment (DRC) SARLU**
- **Bell Euro Finance Limited**
- **Bell International Finance Limited**

100% Bell Equipment International SA

Responsibility for financial statements

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 2020, which appear on pages 6 to 12 and 19 to 116, has been supervised by the group finance director of Bell Equipment Limited, Mrs KJ van Haght.

KJ van Haght CA(SA)
Group finance director

23 April 2021

Approval of the annual financial statements

for the year ended 31 December 2020

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 116 were approved by the directors on 23 April 2021 and are signed on their behalf by:

Gary Bell
Non-executive chairman

Leon Goosen
Chief executive

23 April 2021

Responsibility for financial statements *continued*

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

for the year ended 31 December 2020

The group CEO and the CFO, hereby confirm that:

a. the consolidated annual financial statements set out on pages 6 to 12 and 19 to 116, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS;
b. no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c. internal financial controls have been put in place to ensure that material information relating to Bell Equipment Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements; and
d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance for South Africa 2016 (King IV). Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action*.

Leon Goosen
Group CEO

Karen van Haght
Group CFO

23 April 2021

* *Whilst the directors are aware of their responsibility to communicate such fraud incidents to the audit committee and auditor, no incidents of such fraud were identified for communication during the year under review.*

Certification by the Group Company Secretary

for the year ended 31 December 2020

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

23 April 2021

Directors' report

for the year ended 31 December 2020

The directors submit the annual financial statements for the group (Bell Equipment Limited and its subsidiaries) for the year ended 31 December 2020.

Nature of business

The group manufactures and distributes a wide range of materials handling equipment, both locally and internationally, through an extensive network of customer service centres, strategic alliances and independent dealers. Through financing ventures with various financial institutions the group is able to offer financing to facilitate sales in the markets that the group is active in.

The group's principal products are ADTs, haulage tractors, TLBs, front end loaders, sugar cane and timber loading equipment, construction equipment such as graders, dozers and excavators, a complete range of compaction, crushing and screening machinery and related parts and services.

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 in the integrated annual report.

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

Stated capital

The company's authorised share capital remains at 100 000 000 ordinary shares of no par value. The stated capital account as at 31 December 2020 comprised 95 629 385 (December 2019: 95 629 385) ordinary shares of no par value.

Dividends

In light of the difficult market conditions, poor financial results, continued uncertainty regarding the timing of a meaningful recovery in trading conditions and the global uncertainty caused by the COVID-19 pandemic, the directors determined that no interim dividend would be declared for the half year ended 30 June 2020 (2019: interim dividend of 20 cents, amount paid R19,1 million).

Due to continued uncertainty regarding the timing of a meaningful recovery in trading conditions, the directors resolved not to declare a final gross cash dividend (2019: nil).

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 two active employee share based payment schemes during the year. Details of these schemes are set out in note 34 to the annual financial statements.

Directors

Although the company has since 2017 reflected Mr Avishkar Goordeen as an executive alternate director, he was not put up for election by the shareholders. However in terms of clause 5.1.4 of the company's MOI, the appointment of all directors must be subject to shareholder approval at any annual general meeting. Accordingly Mr Goordeen is being recommended by the directors for election as an executive alternate director by the shareholders at the forthcoming AGM on 18 June 2021.

Rajendran Naidu, Mamokete Ramathe and Ashley Bell 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 current directors and GEC of the Bell Equipment group appear on pages 28 to 29 and 30 respectively of the integrated annual 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	
	2020	2019	**2020**	2019	**2020**	2019
GW Bell	**253 600**	253 600	**9 000 743**	8 850 812	**25 000**	25 000
AJ Bell	**2 598**	2 598	**-**	-	**-**	-
L Goosen	**4 040**	4 040	**-**	-	**-**	-

There has been no change in the shareholding of directors as reflected above between the end of the financial year and as at the date of release of the annual financial statements.

Directors' report *continued*

for the year ended 31 December 2020

The remuneration paid to directors of the company during the period under review is set out on page 112.

Major shareholders

The major shareholders in Bell Equipment Limited as at 31 December 2020 were:

	2020	2019
IA Bell & Company Proprietary Limited	**38,73%**	38,09%
John Deere Construction and Forestry Company	**31,37%**	31,37%

GW Bell and AJ Bell are directors of IA Bell & Company Proprietary Limited and GW Bell holds a 24,3% shareholding in IA Bell & Company Proprietary Limited.

Group company secretary

The group company secretary is Diana McIlrath. Her particulars and business address appear on the inside back cover of the integrated annual report.

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, except for the restatement of previously reported results relating to the group's accounting for and measurement of its standard warranty provision on manufactured equipment sales, as reported in note 5 of these annual financial statements. In respect of these restatements, the board is satisfied that controls have been remediated to support the reliability of the year end financial information.

The directors also 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 composition of the group are contained in note 43 to the annual financial statements.

Subsequent events

From March 2021 Bell transitioned to a non-exclusive John Deere dealer arrangement to allow John Deere to engage with and start appointing additional dealers. Bell will continue to distribute John Deere products until January 2023 and will provide aftermarket, technical and product support to customers for a further 10 years thereafter.

Post the financial year end, Bell has been appointed as the distributor for the full range of JCB construction products in South Africa effective 1 May 2021. This change presents an exciting and important opportunity to reinvigorate the product lines affected by the changes in relationship with John Deere, as well as additional products, and will enable Bell to be better positioned as a full line distributor in this important market. JCB is the world's third largest construction equipment brand by volume and has a rich history in the country spanning more than 40 years.

In addition to changes to the group's strategic partnership with John Deere, in early November 2020 the company was notified by IA Bell & Company, a 38,7% shareholder in the company, that it had entered into a formal binding agreement to acquire John Deere's 31,37% shareholding in the company, conditional on the fulfilment of certain conditions precedent.

Directors' report *continued*

for the year ended 31 December 2020

Subsequent events *continued*

On 9 March 2021, the company received notification of a non-binding expression of interest from IA Bell & Company in respect of a possible transaction to acquire the entire issued ordinary share capital of Bell Equipment not already held by or to be acquired by IA Bell & Company if the John Deere transaction outlined above is implemented, by way of a scheme of arrangement in terms of section 114 of the Companies Act, subject to the fulfilment of certain conditions precedent, and further subject to the John Deere transaction becoming unconditional and being implemented.

In regard to these two possible transactions shareholders are referred to the company's relevant announcements published on SENS.

Shareholders will be informed if and when the company receives a binding firm intention offer from IA Bell & Company to acquire the entire ordinary share capital of the company and the company will continue to comply with the JSE Listings Requirements and will comply with the Takeover Regulation Panel requirements, to the extent applicable, in this regard. The shareholders are also referred to note 42 to the annual financial statements.

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.

No other facts or circumstances material to the appreciation of this report have occurred between 31 December 2020 and the date of this report.

Signed on behalf of the board

Gary Bell
Non-executive chairman

Leon Goosen
Chief executive

23 April 2021

Audit committee report

for the year ended 31 December 2020

This report is presented by the audit committee ('the committee') and approved by the board in respect of the financial year ended 31 December 2020. 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 annually reviewed and approved 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 2020 AGM to serve until the next AGM in June 2021. The committee was chaired by independent non-executive director Derek Lawrance, and further comprises three independent non-executive directors, Mamokete Ramathe, John Barton and Rajendran Naidu.

The committee is suitably skilled to perform the role required. 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. However, it is not expected that each member should possess all the required qualifications, skills and experience. The chairman of the board is not a member of the committee.

The board is satisfied that for the 2020 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 Friday, 18 June 2021:
- Derek Lawrance
- Mamokete Ramathe
- Rajendran Naidu
- John Barton

and whose profiles including their qualifications are disclosed on pages 28 and 29 of the integrated annual report.

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	24 March 2020	26 May 2020	15 July 2020	2 September 2020	18 November 2020
Derek Lawrance (chairman)	X	X	X	X	X
Mamokete Ramathe	X	X	X	X	X
Rajendran Naidu	X	X	X	X	X
John Barton	X	X	X	X	X

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.

Audit committee report *continued*

for the year ended 31 December 2020

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. Further information on the combined assurance process is provided in the corporate governance report under risk management on page 46 of the integrated annual report.

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

The committee met with the external auditor in order to consider the suitability for appointment of the current audit firm, Deloitte & Touche, and the designated engagement partner, as contemplated in terms of paragraph 22.15(h) of the JSE Listings Requirements. The assessment had been undertaken by the committee taking 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 remained accredited by the JSE and Mr Andrew Kilpatrick, the designated auditor for the 2020 financial year, did not appear on the disqualified list of individual partners.

Deloitte & Touche has been the auditor of the group since July 1993. 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 29 to the annual financial statements.

The committee is satisfied that in discharging its duties in terms of its mandate, together with the rotation of the group audit partner every five years, Deloitte & Touche and the designated auditor's independence is maintained and has not been impacted by the tenure, which includes consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors. The committee nominated and recommended the re-appointment of the group's external auditor, Deloitte & Touche, to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Mr Andrew Kilpatrick as designated auditor for the 2021 financial year.

The committee has applied its mind to the key audit areas and considered the key audit matters identified by the external auditor as follows:

- Application of IFRS to accounting for standard warranty obligation and the measurement thereof;
- Revenue recognition and accounting for complex revenue transactions;
- Impairment of intangible assets and property, plant and equipment.

The committee is comfortable that these have been adequately addressed and disclosed.

The committee, in consultation with executive management, agreed to an audit fee for the 2020 financial year. The committee is satisfied that the auditors do 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 such as tax and accounting where the use of other consultants would not make sound commercial sense and where their independence is not compromised, and 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 effectiveness of the internal control environment, systems and processes and detailing the auditor's concerns arising out of the audits and requested appropriate responses from management.

Audit committee report *continued*

for the year ended 31 December 2020

Internal audit

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

The internal auditors 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 auditors developed a plan for testing and monitoring 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 auditors detailing their concerns arising out of their audits and requested appropriate responses from management. The committee received and reviewed reports from internal auditors 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 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 2020 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. Management identified a significant deficiency which resulted in the restatement of previously published results as reported in note 5 to these annual financial statements, relating to the correction of errors in the accounting for and measurement of the group's provision for standard warranty costs on manufactured equipment sales. This was remediated by management prior to finalisation of the year end results.

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 has assessed the deficiency along with management's response and believes that the group's internal controls, in conjunction with the remediation plans implemented and process followed, 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 auditors and the internal auditors.

Expertise and experience of the group finance director and finance function

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

Audit committee report *continued*

for the year ended 31 December 2020

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 2020 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 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 adoption of the going concern status of the group 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act.

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

The committee recommends the group's 2020 audited annual financial statements (of which this report forms part), the AGM book containing the notice of AGM and related reports and the 2020 integrated annual report, to the board for approval.

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

Conclusion

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

Derek Lawrance
Chairman
Audit committee

23 April 2021

Independent auditor's report

to the shareholders of Bell Equipment Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bell Equipment Limited and its subsidiaries (the Group) set out on pages 19 to 116, which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for opinion

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

to the shareholders of Bell Equipment Limited *continued*

Key Audit Matters

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. These matters were 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 these matters.

Key Audit Matter	How the matter was addressed in the audit
Application of IFRS to accounting for standard warranty obligation and the measurement thereof	
During the current year, the directors re-assessed the application of *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") to the relevant agreements, terms and conditions offered to customers and the facts and circumstances of the Group's obligation in respect of standard warranty arrangements. The re-assessment of the application of IAS 37 to the nature and substance of the various legal agreements between customers, the Group and component suppliers resulted in the identification of a prior period error as defined in *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. The magnitude of the amounts related to the recognition of the warranty obligation estimate on a gross basis rather than on a net basis (i.e. after reducing the estimated obligation for the prospect of recoveries from component suppliers), subjectivity and interpretation of legal agreements, historical actions of the Group and the degree of estimation involved in determining elements of the estimated obligation and consequently we identified this as a key audit matter. Refer note 25. The directors assessed that the impact of the prior period error as a result of this re-assessment on the accounting and measurement of the standard warranty obligation was material and restated the financial statements retrospectively in accordance with *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. Refer note 5.	We assessed the accounting recognition and measurement of the standard warranty obligation, in accordance with IAS 37, by performing the following procedures: • Gained an understanding of the relevant agreements and fact patterns applicable to the standard warranty obligation; • Engaged with the directors and their accounting specialists to understand the revised accounting proposed for each of the elements of the standard warranty obligation; • Engaged the Group's legal specialist to understand the outcomes of the legal interpretation of the relevant agreements impacting the rights and obligation of the various Bell group entities; • Consulted with our internal accounting specialists who assessed the accounting treatment in terms of IAS 37 for the standard warranty obligation; • Tested the design and implementation of the controls in place to address the risk relating to the accounting application and measurement of the standard warranty obligation; • Tested the completeness and accuracy of the Group's external sales and the annual warranty expenses history as these were considered the key inputs into the model used to determine the standard warranty obligation; • Assessed the completeness of the campaign warranty costs used to determine the campaign element of the standard warranty obligation; • Assessed the discount rate used to present value the obligation; • Evaluated the elimination of the inventory related to standard warranty jobs in progress between group entities for each year end statement of financial position presented; and • Considered the disclosure of the restatement for the standard warranty obligation included in the consolidated financial statements. Based on the procedures performed, we concur with the directors' determination to restate the previously reported consolidated financial statements related to standard warranty obligation and we concur with the recognition and measurement of the current and prior years standard warranty obligation. We consider the disclosures in notes 5 and 25 to the consolidated financial statements to be appropriate.

Key Audit Matter	How the matter was addressed in the audit

Revenue recognition and accounting for complex revenue transactions

Key Audit Matter

As described within note 28, the Group enters into various sales and rental arrangements, including those with specific structured deals including bill and hold arrangements, guaranteed residual value buy-back options and sales agreements where the Group carries certain credit risks ("Bell backed finance" and other arrangements).

The accounting treatment in respect of these arrangements involves significant assumptions and complexities (as described within note 28) due to the varying terms and conditions, which affect whether such transactions should result in the recognition of revenue in accordance with *IFRS 15: Revenue from Contracts with Customers* ("IFRS 15"). Further consideration is necessary to determine whether these transactions should be accounted for in accordance with IFRS 15 or be treated as leases in accordance with *IFRS 16: Leases* ("IFRS 16"). There is also judgement required in evaluating each contract with a customer in terms of the determination of the timing and measurement of the fixed and variable elements of the revenue recognised.

The above assumptions impact revenue, cost of sales, and the carrying value of inventory, property plant and equipment and deferred lease income. Due to the significance of the assumptions, complexity of these transactions and the impact on the consolidated financial statements as a whole, this has been identified as a key audit matter.

How the matter was addressed in the audit

We evaluated whether the directors appropriately applied the requirements of IFRS 15 and/or IFRS 16 in respect of selected contracts, such as Bell-backed finance, specific structured deals, sale or rental agreements with buy-back options, bill and hold arrangements and sales contracts having guaranteed residual values by performing the following procedures:

- Understood the revenue recognition process in respect of the terms and conditions of these transactions to assess compliance with IFRS both from the recognition and measurement perspective as well as in terms of the presentation and disclosure requirements of IFRS;
- Consulted with our internal accounting specialists who assessed the accounting treatment in terms of IFRS;
- Assessed the design and implementation of key controls in the revenue business cycle;
- Inspected a sample of the underlying contracts and assessed the accounting treatment adopted, which included the following procedures:
  - Assessed if control has passed to the buyer by considering the probability of the return of the goods/units based on the terms of the contract and whether this is in terms of IFRS 15;
  - Assessed the significant assumptions used by the directors relating to the probability of return of equipment based on past experience and other relevant factors;
  - Determined whether the arrangement is a finance lease or operating lease in terms of IFRS 16 by considering whether control has transferred from the lessee to the lessor.
  - Assessed whether the amount of revenue can be reliably measured;
  - Assessed the significance of the impact of any guaranteed residual value or credit risk support provided on the relevant transaction and assessed the accounting thereof by inspection of the contract and by assessing the estimated potential adjustment to revenue from the variable element of the arrangement; and
  - Performed specific physical verification of inventory held under bill and hold arrangements at year end and assessed additional evidence supporting the recognition as revenue in the period based on the criteria in IFRS 15.

We assessed the adequacy of the disclosures in relation to the significant assumptions applied to these transactions. The accounting policies for revenue recognition have been appropriately applied and disclosed.

Key Audit Matter

Impairment of intangible assets and property, plant and equipment

As described in note 4.1 and 41, 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 impairment 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 CGU is detailed and complex. Key inputs into the model include the following:

- Earnings growth (including estimated margins and forecast sales volumes);
- 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.

How the matter was addressed in the audit

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;
- Performed 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 directors' review of the cash flow forecasts and other key inputs;
- Tested the inputs into the cash flow forecast, including the assumptions relating to working capital, revenue growth, in particular the forecast sales volumes and input prices, against historical performance and in comparison to the directors' strategic plans in respect of the applicable CGUs;
- Considered the directors' ability to accurately forecast, based on a comparison of historical actual performance against previous respective forecasts;
- We engaged our internal valuation specialists and they performed the following:
    - Critically evaluated whether the fair value less cost to sell calculations used by the directors to calculate the value of the individual CGUs complies with the requirements of IAS 36 and whether the model used is considered appropriate for the purpose prepared;
    - Compared the growth rates (including terminal growth rate) applied 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, risk-free rate and the mechanics used in the determination of the relevant WACC rates; and
    - Reviewed the reasonableness of the discount rates applied by the directors to obtain the FVLCTS for the relevant CGU components.
- Analysed the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of the applicable CGUs, against external market data, historical performance and forecasts;
- Assessed the exchange rates used in the model to determine whether they comply with the requirements of IAS 36 in relation to the valuation method used;
- Determined an independent range of reasonable equity values based on the model assumptions considered appropriate and compared this to the carrying amount of the relevant CGU; and
- Assessed the disclosure included in the consolidated financial statements related to the impairment considerations and relevant estimation and judgement involved as well as the disclosure in note 4.1 and 41.

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.

Independent auditor's report *continued*

to the shareholders of Bell Equipment Limited *continued*

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 2020", 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 (CEO) and Chief Financial Officer (CFO); the document titled "Bell Equipment Limited Integrated Annual Report 2020" which we obtained prior to the date of this report, and "Bell Equipment Limited Separate Financial Statements for the year ended 31 December 2020", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.

Independent auditor's report *continued*

to the shareholders of Bell Equipment Limited *continued*

Auditor's responsibilities for the audit of the consolidated 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, 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 27 years.

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

28 April 2021

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Consolidated statement of financial position

as at 31 December 2020

	Notes	31 December 2020 R000	Restated* 31 December 2019 R000	Restated* 1 January 2019 R000
ASSETS				
Non-current assets		**1 845 721**	1 654 162	1 360 709
Property, plant and equipment	7	**935 152**	910 296	885 966
Right-of-use assets	8	**287 395**	173 281	-
Intangible assets	9	**277 787**	294 725	237 964
Investments	10	**33 615**	25 790	23 584
Interest-bearing receivables	11	**90 584**	80 220	69 226
Deferred taxation	12	**221 188**	169 850	143 969
Current assets		**4 794 218**	5 373 717	5 168 794
Inventory	13	**3 595 163**	4 125 460	3 867 470
Trade and other receivables	14	**884 146**	894 671	868 519
Current portion of interest-bearing receivables	11	**118 784**	151 928	209 781
Contract assets	15	**28 276**	28 035	22 839
Prepayments		**22 774**	29 550	31 636
Other financial assets	16	**10 231**	6 759	6 757
Current taxation assets		**52 093**	46 151	13 347
Cash and bank balances	17	**82 751**	91 163	148 445
TOTAL ASSETS		**6 639 939**	7 027 879	6 529 503
EQUITY AND LIABILITIES				
Capital and reserves		**3 503 778**	3 386 813	3 329 098
Stated capital	18	**235 541**	232 499	232 499
Non-distributable reserves	19	**891 355**	727 261	679 411
Retained earnings		**2 360 316**	2 417 620	2 393 218
Attributable to owners of Bell Equipment Limited		**3 487 212**	3 377 380	3 305 128
Non-controlling interest	20	**16 566**	9 433	23 970
Non-current liabilities		**759 326**	594 319	632 284
Interest-bearing liabilities	21	**204 319**	260 399	385 044
Lease liabilities	22	**282 543**	110 139	-
Contract liabilities	23	**125 828**	113 329	118 897
Refund liabilities	24	**54 308**	-	-
Provisions	25	**29 646**	29 451	59 513
Deferred taxation	12	**62 682**	81 001	68 830
Current liabilities		**2 376 835**	3 046 747	2 568 121
Trade and other payables	26	**933 054**	988 413	1 095 060
Current portion of interest-bearing liabilities	21	**547 376**	1 013 305	750 381
Current portion of lease liabilities	22	**49 673**	100 757	-
Current portion of contract liabilities **	23	**209 562**	159 911	171 317
Current portion of refund liabilities **	24	**27 400**	16 785	11 387
Current portion of provisions	25	**110 786**	93 043	88 439
Other financial liabilities	27	**14 476**	2 347	10 648
Current taxation liabilities		**3 116**	6 063	23 194
Bank overdrafts and borrowings on call	39,2	**481 392**	666 123	417 695
TOTAL EQUITY AND LIABILITIES		**6 639 939**	7 027 879	6 529 503

* Refer to restatements of prior periods in note 5.

** Refer to reclassifications of prior periods in note 5.

Consolidated statement of profit or loss

for the year ended 31 December 2020

	Notes	**2020 R000**	Restated* 2019 R000
Revenue	28	**6 690 277**	7 823 169
Cost of sales		**(5 456 345)**	(6 375 387)
Gross profit		**1 233 932**	1 447 782
Other operating income		**112 679**	188 995
Distribution costs		**(744 930)**	(792 747)
Administration expenses		**(89 815)**	(113 361)
Factory operating expenses **		**(476 248)**	(512 186)
Profit from operating activities	29	**35 618**	218 483
Interest expense	30	**(154 168)**	(166 157)
Interest income	31	**51 025**	54 198
Net interest expense		**(103 143)**	(111 959)
(Loss) profit before taxation		**(67 525)**	106 524
Taxation	32,1	**10 366**	(54 261)
(Loss) profit for the year		**(57 159)**	52 263
(Loss) profit for the year attributable to:			
- Owners of Bell Equipment Limited		**(64 292)**	66 800
- Non-controlling interest		**7 133**	(14 537)
		Cents	Cents
(Loss) earnings per share			
Basic	33,1	**(67)**	70
Diluted	33,2	**(65)**	70

* Refer to restatements of prior periods in note 5.

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

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2020

	Notes	2020 R000	Restated* 2019 R000
(Loss) profit for the year		**(57 159)**	52 263
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the year		**163 025**	(49 230)
Exchange differences on translating foreign operations	19	**163 025**	(50 472)
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	19	**-**	1 242
Items that may not be reclassified subsequently to profit or loss:		**4 457**	16 302
(Loss) surplus arising on revaluation of properties	19	**(120)**	15 536
Taxation relating to revaluation of properties	32,2	**-**	(4 229)
Fair value gain on investments designated as at fair value through other comprehensive income **	19	**4 577**	4 995
Other comprehensive income (loss) for the year, net of taxation		**167 482**	(32 928)
Total comprehensive income for the year		**110 323**	19 335
Total comprehensive income for the year attributable to:			
- Owners of Bell Equipment Limited		**103 190**	33 872
- Non-controlling interest		**7 133**	(14 537)

* Refer to restatements of prior periods in note 5.

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

Consolidated statement of changes in equity

for the year ended 31 December 2020

	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 2019	232 499	679 411	2 440 926	3 352 836	18 673	3 371 509
Effect of errors relating to prior periods **	-	-	(47 708)	(47 708)	5 297	(42 411)
Balance at 1 January 2019 (restated) **	232 499	679 411	2 393 218	3 305 128	23 970	3 329 098
Total comprehensive (loss) income attributable to owners of Bell Equipment Limited (restated) **	-	(32 928)	66 800	33 872	-	33 872
Total comprehensive loss attributable to non-controlling interest	-	-	-	-	(14 537)	(14 537)
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	-	(418)	418	-	-	-
Decrease in statutory reserves of foreign subsidiaries	-	(219)	219	-	-	-
Decrease in equity-settled employee benefits reserve	-	(901)	-	(901)	-	(901)
Share-based payment relating to BBBEE ownership transaction	-	82 316	-	82 316	-	82 316
Dividends paid	-	-	(43 035)	(43 035)	-	(43 035)
Balance at 31 December 2019 (restated) **	**232 499**	**727 261**	**2 417 620**	**3 377 380**	**9 433**	**3 386 813**
Total comprehensive income (loss) attributable to owners of Bell Equipment Limited	**-**	**167 482**	**(64 292)**	**103 190**	**-**	**103 190**
Total comprehensive income attributable to non-controlling interest	**-**	**-**	**-**	**-**	**7 133**	**7 133**
Increase in statutory reserves of foreign subsidiaries	**-**	**550**	**(550)**	**-**	**-**	**-**
Decrease in equity-settled employee benefits reserve	**-**	**(7 538)**	**7 538**	**-**	**-**	**-**
BBBEE shareholders' loans	**-**	**3 600**	**-**	**3 600**	**-**	**3 600**
Share options exercised	**3 042**	**-**	**-**	**3 042**	**-**	**3 042**
Balance at 31 December 2020	**235 541**	**891 355**	**2 360 316**	**3 487 212**	**16 566**	**3 503 778**

* Refer to note 19 for the details on the movements in the non-distributable reserves.

** Refer to restatements of prior periods in note 5.

Consolidated statement of cash flows

for the year ended 31 December 2020

	Notes	2020 R000	Restated* 2019 R000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	A	**996 237**	(43 260)
Interest paid	B	**(170 686)**	(152 469)
Interest received	C	**60 772**	57 708
Taxation paid	D	**(67 691)**	(122 851)
Net cash generated from (utilised in) operating activities		**818 632**	(260 872)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of additional property, plant and equipment and intangible assets		**(84 428)**	(173 265)
Purchase of replacement property, plant and equipment and intangible assets		**(123)**	(8 760)
Proceeds on disposal of property, plant and equipment and intangible assets		**7 875**	34 330
Additions to right-of-use assets		**(6 152)**	-
Purchase of listed investments		**-**	(667)
Proceeds on disposal of listed investments		**-**	2 415
Net cash utilised in investing activities		**(82 828)**	(145 947)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest-bearing liabilities raised	E	**649 562**	1 271 977
Interest-bearing liabilities repaid	E	**(1 155 564)**	(1 049 096)
Lease liabilities repaid		**(56 525)**	(78 737)
Proceeds from share options exercised		**3 042**	-
Dividends paid		**-**	(43 035)
Net cash (utilised in) generated from financing activities		**(559 485)**	101 109
Net increase (decrease) in cash for the year		**176 319**	(305 710)
Net bank overdrafts and borrowings on call at beginning of the year		**(574 960)**	(269 250)
Net bank overdrafts and borrowings on call at end of the year	F	**(398 641)**	(574 960)

* Refer to restatements of prior periods in note 5.

Notes to the consolidated statement of cash flows

for the year ended 31 December 2020

			2020 R000	Restated* 2019 R000
A	**Cash generated from (utilised in) operations**			
	Profit from operating activities		**35 618**	218 483
	Adjustments for non-cash items:			
	Amortisation of intangible assets		**32 914**	27 644
	Depreciation of property, plant and equipment		**140 834**	133 893
	Depreciation of right-of-use assets		**69 561**	74 853
	Impairment loss recognised on revaluation of buildings		**31 873**	1 085
	Impairment loss recognised on plant and equipment		**1 067**	-
	Impairment loss recognised on intangible assets		**23 254**	-
	Net surplus on disposal of property, plant and equipment and intangible assets		**(4 314)**	(1 544)
	Net (surplus) loss on disposal of right-of-use assets and lease liabilities		**(216)**	271
	Decrease in allowance for expected credit losses on trade and other receivables		**(29 465)**	(10 490)
	Amounts written off as uncollectible		**31 732**	22 675
	(Decrease) increase in provision for inventory write-downs, including write-downs to equipment on short-term rentals		**(2 129)**	92 556
	Increase in allowance for expected credit losses on instalment sale agreements		**406**	-
	Increase in allowance for expected credit losses on interest-bearing receivables		**2 273**	2 046
	Increase in other provisions		**890**	-
	Decrease in lease escalation		**-**	(363)
	Increase in contract provision - warranty		**957**	23 977
	Decrease in equity-settled employee benefits reserve		**-**	(901)
	Share-based payment relating to BBBEE ownership transaction		**-**	82 316
	Gain arising on financial assets at fair value through profit or loss		**(3 472)**	(2)
	Loss (gain) arising on financial liabilities at fair value through profit or loss		**12 129**	(8 301)
	Exchange differences on translation of foreign subsidiaries		**(41 380)**	(11 655)
	Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations		**-**	1 242
	Unrealised exchange differences on trade and other receivables and payables		**(8 643)**	(21 868)
	Increase (decrease) in contract liabilities		**53 545**	(15 103)
	Increase in refund liabilities		**62 874**	5 398
	Cash generated from operations before working capital changes		**410 308**	616 212
	Decrease (increase) in inventory		**658 265**	(501 385)
	Increase in contract assets		**(241)**	(5 196)
	Decrease (increase) in trade and other receivables and prepayments		**41 105**	(77 015)
	Decrease in trade and other payables		**(42 398)**	(60 425)
	Decrease in finance lease receivables and instalment sale agreements		**13 038**	33 053
	Transfers of inventory to rental assets and plant and equipment in property, plant and equipment		**(98 073)**	(60 101)
	WesBank cash collateral repaid	G	**24 055**	25 035
	WesBank cash collateral advanced	G	**(9 822)**	(13 438)
	Total cash generated from (utilised in) operations		**996 237**	(43 260)

* Refer to restatements of prior periods in note 5.

Notes to the consolidated statement of cash flows *continued*

for the year ended 31 December 2020

		2020 R000	Restated* 2019 R000
B	**Interest paid**		
	Interest accrued at beginning of the year	**26 394**	13 400
	Add: interest expense	**154 168**	166 157
	Less: interest charged to profit or loss relating to lease liabilities	**(36 490)**	(21 748)
	Add: interest portion of lease payments made on lease liabilities	**34 805**	21 054
	Less: interest accrued at end of the year	**(8 191)**	(26 394)
	Total interest paid	**170 686**	152 469
C	**Interest received**		
	Interest accrued at beginning of the year	**3**	4 457
	Add: interest income	**51 025**	54 198
	Less: deferred finance income from contract liabilities recognised as revenue	**(24 250)**	(23 769)
	Add: deferred finance income from contracts sold	**34 349**	22 825
	Less: interest accrued at end of the year	**(355)**	(3)
	Total interest received	**60 772**	57 708
D	**Taxation paid**		
	Net taxation refund due (owing) at beginning of the year	**40 088**	(9 847)
	Taxation charge for the year:		
	South African normal taxation	**(49 350)**	(40 214)
	Foreign taxation	**(7 202)**	(29 718)
	Withholding taxation	**(1 723)**	(1 303)
	Other corporate taxation	**(828)**	(2 386)
	Translation differences	**301**	705
	Net taxation refund due at end of the year	**(48 977)**	(40 088)
	Total taxation paid	**(67 691)**	(122 851)
E	**Interest-bearing liabilities**		
	Long-term portion of interest-bearing liabilities at beginning of the year	**260 399**	385 044
	Add: current portion at beginning of the year	**1 013 305**	750 381
	Total interest-bearing liabilities at beginning of the year	**1 273 704**	1 135 425
	Translation differences	**38 871**	(15 200)
	Instalment purchase agreements raised to fund the purchase of additional property, plant and equipment	**-**	7 041
	Supplier funding repaid - extended payment terms	**(54 878)**	(76 443)
	Interest-bearing liabilities raised	**649 562**	1 271 977
	Interest-bearing liabilities repaid	**(1 155 564)**	(1 049 096)
	Total interest-bearing liabilities at end of the year	**751 695**	1 273 704
	Less: current portion at end of the year	**(547 376)**	(1 013 305)
	Long-term portion of interest-bearing liabilities at end of the year	**204 319**	260 399

* Refer to restatements of prior periods in note 5.

Notes to the consolidated statement of cash flows *continued*

for the year ended 31 December 2020

		2020 R000	Restated* 2019 R000
F	**Net bank overdrafts and borrowings on call**		
	Bank overdrafts and borrowings on call	**(481 392)**	(666 123)
	Cash and bank balances	**82 751**	91 163
	Net bank overdrafts and borrowings on call at end of the year	**(398 641)**	(574 960)
G	**Interest-bearing receivables**		
	Long-term portion of interest-bearing receivables at beginning of the year	**80 220**	69 226
	Add: current portion at beginning of the year	**151 928**	209 781
	Total interest-bearing receivables at beginning of the year	**232 148**	279 007
	Translation differences	**3 223**	(163)
	BBBEE shareholders' loans	**3 947**	-
	Increase in allowance for expected credit losses on instalment sale agreements	**(406)**	-
	Increase in allowance for expected credit losses on WesBank cash collateral	**(2 273)**	(2 046)
	Interest-bearing receivables advanced for sale of inventory to independent dealer	**-**	2 284
	WesBank cash collateral repaid	**(24 055)**	(25 035)
	WesBank cash collateral advanced	**9 822**	11 154
	Interest-bearing receivables advanced to finance the sale of equipment	**121 339**	163 697
	Interest-bearing receivables repaid by customers	**(134 377)**	(196 750)
	Total interest-bearing receivables at end of the year	**209 368**	232 148
	Less: current portion at end of the year	**(118 784)**	(151 928)
	Long-term portion of interest-bearing receivables at end of the year	**90 584**	80 220

* Refer to restatements of prior periods in note 5.

Notes to the consolidated annual financial statements

for the year ended 31 December 2020

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 120 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.

Prior period restatements and reclassifications

Restatements

In the current year the group corrected errors the details of which are presented in note 5.

Reclassifications

The group reclassified certain balances to contract liabilities in the current year and liabilities in respect of right to return parts were reclassified to refund liabilities. Refer to note 5.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and financial instruments which are measured at fair value. The accounting policies are consistent with those applied to the previous year.

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

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

2.2 Principal accounting policies

2.2.1 Foreign currency translation

Functional and presentation currency

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 the 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 income statement 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 2020.

3.1 New and amended standards and interpretations adopted

No new standards have been adopted in these financial statements, but the following amendments have been adopted:

Amended

IFRS 16 - Leases: COVID-19-Related Rent Concessions.
Conceptual Framework for Financial Reporting 2018 - Amendments to references to the Conceptual Framework in IFRS.
IAS 1 - Presentation of Financial Statements: Amendments regarding the definition of material.
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Amendments regarding the definition of material.

The adoption of these amendments 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.

Amended		**Effective date for annual periods beginning on or after:**
IFRS 7 -	Financial Instruments: Disclosures: Amendments regarding pre-replacement issues in the context of the IBOR reform (Phase 2)	1 January 2021
IFRS 9 -	Financial Instruments: Amendments regarding pre-replacement issues in the context of the IBOR reform (Phase 2)	1 January 2021
IFRS 9 -	Financial Instruments: Amendments regarding the derecognition of financial liabilities	1 January 2022
IFRS 16 -	Leases: Amendments regarding pre-replacement issues in the context of the IBOR reform (Phase 2)	1 January 2021
IAS 1 -	Presentation of Financial Statements: Amendments regarding the classification of liabilities	1 January 2023
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 16 -	Property, Plant and Equipment: Amendments regarding proceeds before intended use	1 January 2022
IAS 37 -	Provisions, Contingent Liabilities and Contingent Assets: Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 39 -	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform (Phase 2)	1 January 2021

All above amended accounting standards are not anticipated to have a significant impact on the group's financial statements in future periods when these are adopted.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ACCOUNTING ESTIMATES

4.1 Judgements 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 judgements made by management 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 28.1 and 28.2)
- performance obligations satisfied over time (refer to notes 28.1.3, 28.3.1 and 28.4)
- performance obligations with regards to bill and hold arrangements (refer to note 28.1.1)

b) Judgements in determining whether the group is a principal or an agent
- performance obligations with regards to transport services (refer to note 28.3.2)

c) Judgements and estimates in determining the transaction price and the amounts allocated to performance obligations
- residual value guarantees (affecting revenue recognition and the refund liability for residual value risk) (refer to notes 28.1.6 and 24.1)
- credit risk undertakings (affecting revenue recognition) (refer to note 28.1.5)
- effects of the time value of money relating to deferred service contract revenue, extended warranty contracts, finance leases and instalment sale agreements (refer to notes 23, 28.1.3, 28.1.7, 28.1.8 and 28.3.1)
- trade-ins (refer to note 28.1.4)
- allocation of the transaction price (refer to note 28.1.1)

Standard warranties

a) Judgements and estimations in determining the group's obligation to end customers with regards to warranties on manufactured equipment provided by the group (refer to note 25.1)
b) Judgements and estimations 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 25.2)
c) Judgements in determining when the group's reimbursement right from third party component suppliers is established (refer to note 25)

Leases - the group as a lessor

a) Classification of leases (refer to note 28.1.7)

Leases - the group as a lessee

a) Judgements in determining the lease term (refer to note 22)
b) Judgements in determining a low value lease (refer to note 22)
c) Judgements in determining an incremental borrowing rate (refer to note 22)

Financial assets

a) Judgements in determining 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)

Intangible assets

a) Judgements in determining time spent by engineering department (refer to note 9)
b) Judgements in determining the useful lives (refer to note 9)
c) Judgements in determining when the recognition criteria have been met (refer to note 9)

Basis of consolidation

a) Control over certain investees (refer to note 43)

IAS 36 Impairment of Assets

a) Judgements in identifying the group's cash generating units (refer to note 41)
b) Judgements in determining the discount rates (refer to note 41)
c) Judgements in determining the terminal growth rates (refer to note 41)
d) Judgements and estimates in determining the future cash flows (refer to note 41)

4.2 Going concern

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, including the expected impact of the ongoing COVID-19 pandemic on customer demand, the ability of suppliers to meet the group's demand for components required for production and the expected impact of possible further restrictions in certain markets on the group's ability to trade. Refer to note 41.5.

5. PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS

Prior period restatements
In the current year the group corrected the following errors:

1. **Provision for standard warranty costs recognised on gross basis**
A standard warranty is provided by the group to customers as a standard condition of sale on manufactured machines. The provision for standard warranty costs for machines manufactured by the group was previously recognised on a net basis, based on the group's best estimate of the expenditure required to settle the group's obligation net of expected recoveries from third party component suppliers. This has been corrected in the current year to recognise the group's obligations to customers on manufactured machines on a gross basis, without a reduction in the provision for the amounts expected to be recovered from third party component suppliers. A receivable is recognised for the recovery of warranty costs from these component suppliers only when there is virtual certainty that reimbursement will be received. In the group's judgement, virtual certainty exists at the point in time when a valid claim against the group's warranty policy is received from a customer.

2. **Provision for standard warranty costs on manufactured machines beyond 12 months**
The calculation of the standard warranty provision has been corrected in the current year to recognise that although the group's standard warranty policy on manufactured machines is generally for a period of 12 months after the sale of manufactured machines, past experience reflects that certain customer warranty claims are settled by the group beyond this period and that there is therefore a constructive obligation, in certain circumstances, beyond 12 months after the sale of machines. The corrected standard warranty provision represents the present value of the group's best estimate of the future expenditure required to settle the group's standard warranty obligation on machines sold based on past experience of the value and timing of these costs. Previously, the standard warranty provision was based on the 12 month period in the standard warranty policy and conditions of sale.

3. **Warranty repair work in progress**
Warranty repair work in progress that was recognised as inventory by subsidiaries at the end of the reporting period, in respect of warranty claims received from customers, was previously recognised as inventory in the consolidated statement of financial position and was not adjusted on consolidation. This has been corrected in the current year and the warranty repair work in progress at year end at subsidiaries has been adjusted on consolidation to reallocate this to the standard warranty provision or to warranty expenses, as applicable.

4. **Non-controlling interest**
The non-controlling interest (NCI) has been corrected in the current year for the following:
   - the impact of a measurement error on initial recognition (R11,2 million increase in NCI).
   - the impact of the correction of errors relating to the standard warranty provision on the relevant group operation (R5,9 million decrease in NCI).

5. **Contract assets**
Recoverable service and repair work in progress on customer machines of R28,0 million at 31 December 2019 (2018: R22,8 million) was recognised as contract assets in the current year. This was previously incorrectly classified as inventory.

6. **Interest-bearing receivables in statement of cash flows**
Net cash inflows of R11,6 million for the year ended 31 December 2019 from interest-bearing receivables, relating to the WesBank cash collateral, were included as part of operating activities in the consolidated statement of cash flows. Previously these cash flows were incorrectly classified as investing activities.

Prior periods have been restated accordingly.

Prior period reclassifications
In the current year the group made reclassifications relating to the following. Prior period amounts were also reclassified.

1. **Contract liabilities**
In the current year the group reviewed its presentation of advance receipts from customers. As a result of this review, in the current year advance receipts of R29,2 million at 31 December 2019 (2018: R36,1 million) from customers on sales contracts were reclassified to contract liabilities to provide comparability. The advance receipts from customers reflect the group's obligation to transfer goods or services to customers which is the nature of a contract liability. Previously this was classified as trade and other payables. The reclassification had no impact on the group's statement of profit or loss and other comprehensive income and statement of changes in equity.

2. **Refund liabilities**
In certain instances, customers have the right to return parts that are not required within a specified period. In the current year the group reviewed its presentation of the liabilities in respect of the right to return parts. As a result of this review, in the current year these liabilities in respect of right to return parts of R16,8 million at 31 December 2019 (2018: R11,4 million) were reclassified to refund liabilities to provide comparability. These liabilities represent the group's obligation to refund the customers where parts are returned which is the nature of a refund liability. This was previously classified as trade and other payables. The reclassification had no impact on the group's statement of profit or loss and other comprehensive income and statement of changes in equity.

5. PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS *continued*

The restatement adjustments relating to the correction of the above errors and reclassifications are as follows:

5.1 The following items within the consolidated statement of financial position were impacted by the correction of the prior period errors and reclassifications:

as at 31 December 2019	As previously reported R000	Correction of errors R000	Reclassifications R000	Restated R000
ASSETS				
Non-current assets	1 634 289	19 873	-	1 654 162
Deferred taxation	149 977	19 873	-	169 850
Current assets	5 397 683	(23 966)	-	5 373 717
Inventory	4 177 461	(52 001)	-	4 125 460
Contract assets	-	28 035	-	28 035
TOTAL ASSETS	7 031 972	(4 093)	-	7 027 879
EQUITY AND LIABILITIES				
Capital and reserves	3 437 916	(51 103)	-	3 386 813
Retained earnings	2 474 020	(56 400)	-	2 417 620
Attributable to owners of Bell Equipment Limited	3 433 780	(56 400)	-	3 377 380
Non-controlling interest	4 136	5 297	-	9 433
Non-current liabilities	566 864	27 455	-	594 319
Provisions	1 996	27 455	-	29 451
Current liabilities	3 027 192	19 555	-	3 046 747
Trade and other payables	1 034 349	-	(45 936)	988 413
Current portion of contract liabilities	130 760	-	29 151	159 911
Current portion of refund liabilities	-	-	16 785	16 785
Current portion of provisions	73 488	19 555	-	93 043
TOTAL EQUITY AND LIABILITIES	7 031 972	(4 093)	-	7 027 879
as at 1 January 2019				
ASSETS				
Non-current assets	1 344 560	16 149	-	1 360 709
Deferred taxation	127 820	16 149	-	143 969
Current assets	5 183 673	(14 879)	-	5 168 794
Inventory	3 905 188	(37 718)	-	3 867 470
Contract assets	-	22 839	-	22 839
TOTAL ASSETS	6 528 233	1 270	-	6 529 503
EQUITY AND LIABILITIES				
Capital and reserves	3 371 509	(42 411)	-	3 329 098
Retained earnings	2 440 926	(47 708)	-	2 393 218
Attributable to owners of Bell Equipment Limited	3 352 836	(47 708)	-	3 305 128
Non-controlling interest	18 673	5 297	-	23 970
Non-current liabilities	606 095	26 189	-	632 284
Provisions	33 324	26 189	-	59 513
Current liabilities	2 550 629	17 492	-	2 568 121
Trade and other payables	1 142 521	-	(47 461)	1 095 060
Current portion of contract liabilities	135 243	-	36 074	171 317
Current portion of refund liabilities	-	-	11 387	11 387
Current portion of provisions	70 947	17 492	-	88 439
TOTAL EQUITY AND LIABILITIES	6 528 233	1 270	-	6 529 503

5. PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS *continued*

5.2 The consolidated statement of profit or loss was impacted by the correction of the prior period errors:

December 2019	As previously reported R000	Correction of errors R000	Restated R000
Revenue	7 823 169	-	7 823 169
Cost of sales	(6 363 309)	(12 078)	(6 375 387)
Gross profit	1 459 860	(12 078)	1 447 782
Other operating income	188 995	-	188 995
Distribution costs	(792 747)	-	(792 747)
Administration expenses	(113 361)	-	(113 361)
Factory operating expenses	(512 186)	-	(512 186)
Profit from operating activities	230 561	(12 078)	218 483
Interest expense	(166 157)	-	(166 157)
Interest income	54 198	-	54 198
Profit before taxation	118 602	(12 078)	106 524
Taxation expense	(57 647)	3 386	(54 261)
Profit for the year	60 955	(8 692)	52 263

5.3 The consolidated statement of cash flows was impacted by the correction of the prior period errors and reclassifications:

December 2019	As previously reported R000	Correction of errors R000	Reclassifications R000	Restated R000
Cash operating profit before working capital changes	618 958	(1 221)	(1 525)	616 212
Cash utilised in working capital	(673 815)	12 818	1 525	(659 472)
Total cash utilised in operations	(54 857)	11 597	-	(43 260)
Net cash utilised in investing activities	(134 350)	(11 597)	-	(145 947)
Within which the following were impacted:				
Interest-bearing receivables repaid	25 035	(25 035)	-	-
Interest-bearing receivables advanced	(13 438)	13 438	-	-

5. PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS *continued*

5.4 The segmental analysis was impacted by the correction of the prior period errors:

Operating profit (loss)	As previously reported R000	Correction of errors R000	Restated R000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**112 547**	(10 857)	101 690
Europe	**82 799**	(10 142)	72 657
Direct Sales operations			
South Africa	**27 217**	(4 382)	22 835
Rest of Africa	**48 633**	(157)	48 476
Other operations and inter-segmental eliminations	**(40 635)**	13 460	(27 175)
Total	**230 561**	(12 078)	218 483

Taxation	As previously reported R000	Correction of errors R000	Restated R000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**(37 025)**	3 044	(33 981)
Europe	**(16 960)**	3 013	(13 947)
Direct Sales operations			
South Africa	**8 933**	1 227	10 160
Rest of Africa	**(17 563)**	47	(17 516)
Other operations and inter-segmental eliminations	**4 968**	(3 945)	1 023
Total	**(57 647)**	3 386	(54 261)

Profit (loss) for the year	As previously reported R000	Correction of errors R000	Restated R000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**51 065**	(7 813)	43 252
Europe	**43 722**	(7 129)	36 593
Direct Sales operations			
South Africa	**(70 108)**	(3 155)	(73 263)
Rest of Africa	**26 910**	(110)	26 800
Other operations and inter-segmental eliminations	**9 366**	9 515	18 881
Total	**60 955**	(8 692)	52 263

Increase in contract provision - warranty	As previously reported R000	Correction of errors R000	Restated R000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**10 101**	10 857	20 958
Europe	**2 610**	10 142	12 752
Direct Sales operations			
South Africa	**167**	4 382	4 549
Rest of Africa	**242**	157	399
Other operations and inter-segmental eliminations	**-**	(14 681)	(14 681)
Total	**13 120**	10 857	23 977

5. PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS *continued*

5.4 The segmental analysis was impacted by the correction of the prior period errors: continued

Warranty expenditure - standard and extended warranties	As previously reported R000	Correction of errors R000	Restated R000
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**140 427**	-	140 427
Europe	**6 551**	-	6 551
Direct Sales operations			
South Africa	**31 376**	-	31 376
Rest of Africa	**2 758**	-	2 758
Other operations and inter-segmental eliminations	**(1 411)**	1 221	(190)
Total	**179 701**	1 221	180 922

Segment assets			
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**4 418 725**	18 292	4 437 017
Europe	**1 910 843**	17 452	1 928 295
Direct Sales operations			
South Africa	**2 002 923**	10 233	2 013 156
Rest of Africa	**294 794**	265	295 059
Other operations and inter-segmental eliminations	**(1 595 313)**	(50 335)	(1 645 648)
Total	**7 031 972**	(4 093)	7 027 879

Segment liabilities			
December 2019			
Manufacturing, assembly, logistics and dealer sales operations			
South Africa	**2 529 257**	65 330	2 594 587
Europe	**1 377 144**	58 733	1 435 877
Direct Sales operations			
South Africa	**1 892 444**	36 548	1 928 992
Rest of Africa	**271 637**	887	272 524
Other operations and inter-segmental eliminations	**(2 476 426)**	(114 488)	(2 590 914)
Total	**3 594 056**	47 010	3 641 066

5. PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS *continued*

5.5 The earnings per share and headline earnings per share were impacted by the correction of the prior period errors:

December 2019		As previously reported	Correction of errors	Restated
Earnings per share (basic)				
Profit attributable to owners of Bell Equipment Limited	(R000)	**75 492**	(8 692)	66 800
Weighted average number of shares in issue	(000)	**95 629**	95 629	95 629
Earnings per share (basic)	(cents)	**79**	(9)	70
Earnings per share (diluted)				
Profit attributable to owners of Bell Equipment Limited	(R000)	**75 492**	(8 692)	66 800
Fully converted weighted average number of shares	(000)	**95 629**	95 629	95 629
Earnings per share (diluted)	(cents)	**79**	(9)	70
Headline earnings per share (basic)				
Profit attributable to owners of Bell Equipment Limited	(R000)	**75 492**	(8 692)	66 800
Net surplus on disposal of property, plant and equipment and intangible assets	(R000)	(1 544)	-	(1 544)
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R000)	389	-	389
Impairment loss recognised on revaluation of buildings	(R000)	1 085	-	1 085
Taxation effect of impairment loss recognised on revaluation of buildings	(R000)	(380)	-	(380)
Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	(R000)	1 242	-	1 242
Headline earnings	(R000)	76 284	(8 692)	67 592
Weighted average number of shares in issue	(000)	95 629	95 629	95 629
Headline earnings per share (basic)	(cents)	**80**	(9)	71
Headline earnings per share (diluted)				
Headline earnings	(R000)	76 284	(8 692)	67 592
Fully converted weighted average number of shares	(000)	95 629	95 629	95 629
Headline earnings per share (diluted)	(cents)	80	(9)	71

5.6 The net asset value per share was impacted by the correction of the prior period errors:

December 2019		As previously reported	Correction of errors	Restated
Net asset value per share				
Total capital and reserves	(R000)	**3 437 916**	(51 103)	3 386 813
Number of shares in issue	(000)	**95 629**	95 629	95 629
Net asset value per share	(cents)	**3 595**	(53)	3 542

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 partner 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 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, Swaziland and Namibia.
- 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 from the sale of equipment and aftermarket products.

6. OPERATING SEGMENTS *continued*

2020	Manufacturing, assembly, logistics and dealer sales operations		Direct Sales operations			
	South Africa R000	Europe R000	South Africa R000	Rest of Africa R000	Other operations and inter-segmental eliminations* R000	Consolidated R000
Revenue **						
External revenue	1 072 892	2 321 332	2 974 903	321 150	-	6 690 277
Inter-segment revenue	3 169 922	249 894	19 498	2 606	(3 441 920)	-
Total revenue	4 242 814	2 571 226	2 994 401	323 756	(3 441 920)	6 690 277
(Loss) profit from operating activities	(64 778)	(73 982)	125 664	(17 791)	66 505	35 618
Interest expense	(124 973)	(24 476)	(98 477)	(6 844)	100 602	(154 168)
Interest income	57 482	2 584	28 811	2 258	(40 110)	51 025
Taxation	38 129	25 802	(23 498)	1 259	(31 326)	10 366
(Loss) profit for the year	(94 140)	(70 072)	32 500	(21 118)	95 671	(57 159)
Segment assets	4 159 869	1 988 767	1 748 995	228 416	(1 486 108)	6 639 939
Segment liabilities	3 357 809	1 440 074	1 661 754	223 118	(3 546 594)	3 136 161
Other information						
Additions to property, plant and equipment and intangible assets	76 959	5 833	1 067	327	365	84 551
Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangibles	114 692	31 828	100 059	5 164	(8 434)	243 309
Additions to right-of-use assets	82 311	6 113	92 089	-	-	180 513
Other material items of income and expense:						
- Net foreign currency losses (gains)	34 237	2 596	-	14 941	(5 071)	46 703
- Staff costs (including directors' remuneration)	715 719	259 991	277 851	39 605	5 083	1 298 249
- Increase (decrease) in contract provision - warranty	1 720	1 395	421	(830)	(1 749)	957
- Warranty expenditure - standard and extended warranties	151 128	3 777	26 867	1 440	1 369	184 581
- Impairment loss recognised on revaluation of buildings	-	-	-	31 873	-	31 873
- Impairment loss recognised on plant and equipment	1 067	-	-	-	-	1 067
- Impairment of intangible assets - capitalised engineering development expenditure	23 254	-	-	-	-	23 254

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 2020 or 2019.

* 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 (loss) 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 28.

6. OPERATING SEGMENTS *continued*

2019**	Manufacturing, assembly, logistics and dealer sales operations South Africa R000	Manufacturing, assembly, logistics and dealer sales operations Europe R000	Direct Sales operations South Africa R000	Direct Sales operations Rest of Africa R000	Other operations and inter-segmental eliminations* R000	Consolidated R000
Revenue * **						
External revenue	1 441 566	2 846 232	3 153 072	382 299	-	7 823 169
Inter-segment revenue	4 097 807	205 008	13 806	4 630	(4 321 251)	-
Total revenue	5 539 373	3 051 240	3 166 878	386 929	(4 321 251)	7 823 169
Profit (loss) from operating activities	101 690	72 657	22 835	48 476	(27 175)	218 483
Interest expense	(94 065)	(23 541)	(138 510)	(7 633)	97 592	(166 157)
Interest income	69 608	1 424	32 252	3 473	(52 559)	54 198
Taxation	(33 981)	(13 947)	10 160	(17 516)	1 023	(54 261)
Profit (loss) for the year	43 252	36 593	(73 263)	26 800	18 881	52 263
Segment assets	4 437 017	1 928 295	2 013 156	295 059	(1 645 648)	7 027 879
Segment liabilities	2 594 587	1 435 877	1 928 992	272 524	(2 590 914)	3 641 066
Other information						
Additions to property, plant and equipment and intangible assets	119 073	64 246	2 098	3 649	-	189 066
Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangibles	103 918	24 422	105 842	4 607	(2 399)	236 390
Additions to right-of-use assets	17 097	9 519	33 546	-	-	60 162
Other material items of income and expense:						
- Net foreign currency (gains) losses	(9 147)	(8 018)	-	6 580	(2 028)	(12 613)
- Staff costs (including directors' remuneration and BBBEE share-based payment charges)	906 589	244 344	327 306	35 791	3 981	1 518 011
- Increase (decrease) in contract provision - warranty	20 958	12 752	4 549	399	(14 681)	23 977
- Warranty expenditure - standard and extended warranties	140 427	6 551	31 376	2 758	(190)	180 922

* 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 (loss) - 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 segment information has been adjusted for restatements as disclosed in note 5.

*** The group's revenue from major products and services are disclosed in note 28.

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 are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The annual rates of depreciation currently used are:

• Freehold buildings	2% to 3,33%
• Leasehold buildings	5% to 20%
• Plant and equipment	4% to 33%
• Aircraft	10% to 12,5%
• Vehicles	20%

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.

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Accounting policy continued

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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Assumptions are made in projecting disposal values and in determining estimated future cash flows. Estimation uncertainties may cause a material adjustment to the carrying amounts of the assets within the next financial year.

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

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

	Cost / valuation 2020 R000	**Accumulated depreciation and impairments 2020 R000**	**Net book value 2020 R000**	Cost / valuation 2019 R000	Accumulated depreciation and impairments 2019 R000	Net book value 2019 R000
Freehold land and buildings	**642 936**	**44 801**	**598 135**	620 562	16 504	604 058
Leasehold buildings *	**6 925**	**2 305**	**4 620**	12 502	5 746	6 756
Plant and equipment	**686 083**	**457 156**	**228 927**	631 215	400 041	231 174
Rental assets - manufactured and third party equipment	**191 026**	**99 688**	**91 338**	112 221	58 573	53 648
Aircraft	**9 330**	**4 555**	**4 775**	7 051	4 209	2 842
Vehicles	**44 307**	**36 950**	**7 357**	45 482	33 664	11 818
Total	**1 580 607**	**645 455**	**935 152**	1 429 033	518 737	910 296

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Movement in property, plant and equipment	Freehold land and buildings R000	Leasehold buildings* R000	Plant and equipment R000	Rental assets - manufactured and third party equipment R000	Aircraft R000	Vehicles R000	Total R000
2020							
Net book value at beginning of the year	**604 058**	**6 756**	**231 174**	**53 648**	**2 842**	**11 818**	**910 296**
Net loss on revaluation	**(31 993)**	**-**	**-**	**-**	**-**	**-**	**(31 993)**
Impairment loss	**-**	**-**	**(1 067)**	**-**	**-**	**-**	**(1 067)**
Additions	**377**	**41**	**42 579**	**-**	**2 279**	**45**	**45 321**
Disposals	**(104)**	**(222)**	**(3 034)**	**-**	**-**	**(228)**	**(3 588)**
Depreciation	**(25 266)**	**(610)**	**(52 236)**	**(57 278)**	**(346)**	**(5 098)**	**(140 834)**
Transfers **	**1 656**	**(1 656)**	**3 105**	**94 968**	**-**	**-**	**98 073**
Translation differences	**49 407**	**311**	**8 406**	**-**	**-**	**820**	**58 944**
Net book value at end of the year	**598 135**	**4 620**	**228 927**	**91 338**	**4 775**	**7 357**	**935 152**
2019							
Net book value at beginning of the year	599 513	7 616	181 063	49 812	3 440	44 522	885 966
Net gain on revaluation	14 375	-	-	-	-	-	14 375
Additions	59 686	271	39 871	-	-	4 833	104 661
Disposals	-	-	(212)	(1 455)	-	(30 590)	(32 257)
Depreciation	(22 781)	(609)	(48 227)	(54 824)	(598)	(6 854)	(133 893)
Transfers	(32 548)	(452)	59 193	60 101	-	-	86 294
Translation differences	(14 187)	(70)	(514)	14	-	(93)	(14 850)
Net book value at end of the year	604 058	6 756	231 174	53 648	2 842	11 818	910 296

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

** Transfers relate to the following:

- a property with a net book value of R1,7 million in France was reclassified from leasehold buildings to freehold land and buildings.
- transfers of rental assets to the amount of R95 million relate to equipment held for rental reclassified from inventory to rental assets in property, plant and equipment.
- equipment held for demonstration and research and development to the amount of R3,1 million was reclassified from inventory to plant and equipment.

The reclassifications had no impact on the accumulated depreciation or retained earnings of the group.

Certain property, plant and equipment is encumbered as indicated in note 21.1.

Certain rental assets are subject to collateralised borrowings as reflected in note 21.2.

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Freehold land and buildings at valuation/cost comprise:

	2020 R000	2019 R000
South Africa		
Richards Bay	**207 265**	206 900
Lot 1892 Alton Industrial Township, Richards Bay	**21 200**	21 200
Lot 1894 Alton Industrial Township, Richards Bay	**56 300**	56 300
Lot 10024 Alton Industrial Township, Richards Bay	**129 765**	129 400
Middelburg	**39 800**	39 800
Portion 45 Lot 11063, Extension 33, Middelburg	**39 800**	39 800
Namibia	**-**	104
Plots 839 and 954, Extensions 2 and 3 respectively, Oranjemund, Namibia	**-**	104
France		
35 Avenue du Berry, 23800, Dun le Palestel	**5 667**	-
- at cost	**4 936**	-
- translation differences	**731**	-
Germany		
Oberste-Elpersweide 4, Alsfeld, Germany	**91 353**	79 565
- at cost	**79 565**	83 160
- translation differences	**11 788**	(3 595)
Industriestraße 8, Hörselberg-Hainich, 99820, Germany	**239 786**	208 817
- at cost	**208 829**	216 083
- translation differences	**30 957**	(7 266)
Zambia		
Plots 4095 and 4096, Chingola Road, Kitwe, Zambia	**59 065**	85 376
- at valuation	**59 065**	87 691
- translation differences	**-**	(2 315)
Total freehold land and buildings at cost/valuation	**642 936**	620 562

South Africa
The 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 2019. Additions subsequent to the last valuation are at cost.

Reconciliation of carrying amount - Richards Bay	2020 R000	2019 R000
Net book value at beginning of the year	**204 536**	196 896
Additions	**365**	7 023
Depreciation	**(12 793)**	(13 430)
Level 3 revaluation surplus credited to revaluation reserve	**-**	14 047
Net book value at end of the year	**192 108**	204 536
Reconciliation of carrying amount - Middelburg		
Net book value at beginning of the year	**39 800**	38 944
Depreciation	**(709)**	(709)
Level 3 revaluation surplus credited to revaluation reserve	**-**	1 565
Net book value at end of the year	**39 091**	39 800

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Freehold land and buildings at valuation/cost comprise: continued

France

Reconciliation of carrying amount - France	**2020 R000**	2019 R000
Net book value at beginning of the year	**-**	-
Reclassified from leasehold buildings	**1 656**	-
Net book value at end of the year	**1 656**	-

Germany
The construction of the property in Germany was completed during the prior year and will be revalued within the next revaluation cycle.

Reconciliation of carrying amount - Germany	**2020 R000**	2019 R000
Net book value at beginning of the year	**277 251**	242 088
Translation differences	**41 546**	(10 467)
Additions	**12**	52 662
Depreciation	**(9 851)**	(7 032)
Net book value at end of the year	**308 958**	277 251

Zambia
The group's freehold land and buildings in Zambia were assessed for impairment in the current year and as a result the property was revalued by Mak Associates Consulting Limited, independent qualified valuers. The date of the valuation was 31 December 2020.

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

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

The investment approach was considered to be the most reliable method due to the lack of available comparable sales data under the market approach and due to certain market conditions in Zambia which made the depreciated replacement cost method less appropriate. Previously, the fair value of the buildings was determined based on the depreciated replacement cost approach and the freehold land was determined based on the market comparable approach.

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

Information about the fair value measurements is as follows:

Zambia	**Level 3 Fair value R000**	**Significant unobservable inputs**	**Range**	**Sensitivity: inter-relationship between key unobservable inputs and fair value**
Freehold land and customer service centre which includes warehousing, a workshop and administration buildings in Kitwe (i)	59 065	Rental per square metre	R82/m²	The higher the rental per square metre, the higher the fair value
		Rental per month	R300,000 per month	The higher the rental, the higher the fair value
		Capitalisation rate - market yield	5.85% per annum	The higher the yield, the lower the fair value
		Allowance for expenses	8.5% per annum	The higher the rate, the lower the fair value

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

7. PROPERTY, PLANT AND EQUIPMENT *continued*

Freehold land and buildings at valuation/cost comprise: continued

Zambia continued

The book value of the property was adjusted to its valuation during the current period. The recoverable amount of the property was R59,1 million. A loss of R31,9 million (2019: R1,2 million) was recognised on the buildings and charged to profit or loss as there was no revaluation reserve in respect of this. A loss of R0,1 million (2019: R0,1 million) was recognised on the freehold land and was debited to the revaluation reserve through other comprehensive income.

Reconciliation of carrying amount - Zambia	**2020 R000**	2019 R000
Net book value at beginning of the year	**85 111**	90 179
Translation differences	**7 859**	(2 164)
Depreciation	**(1 912)**	(1 667)
Level 3 revaluation loss charged to profit or loss	**(31 873)**	(1 161)
Level 3 revaluation loss debited to revaluation reserve	**(120)**	(76)
Net book value at end of the year	**59 065**	85 111

The comparable amounts under the historical cost convention for the freehold land and buildings were:	**2020 R000**	2019 R000
Historical carrying amount *	**480 095**	483 084

* In the prior year the historical carrying amount was incorrectly disclosed as R513,6 million as a result of omitting to include the depreciation on the Richards Bay properties.

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. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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, plus any initial direct costs incurred, less any lease incentives received. Refer to note 22 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 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 (defined as leases with a lease term of 12 months or less) 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 defines low value leases as leases of assets for which the value of the underlying asset when it is new is R 75 000, € 5 000, US$ 5 000 or less.

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

Right-of-use assets	Cost 2020 R000	Accumulated depreciation 2020 R000	Net book value 2020 R000	Cost 2019 R000	Accumulated depreciation 2019 R000	Net book value 2019 R000
Land and buildings	**353 875**	**100 467**	**253 408**	180 359	55 909	124 450
Plant and equipment	**13 092**	**6 077**	**7 015**	12 314	2 915	9 399
Vehicles	**59 824**	**32 852**	**26 972**	55 223	15 791	39 432
Total	**426 791**	**139 396**	**287 395**	247 896	74 615	173 281

8. RIGHT-OF-USE ASSETS *continued*

Movement in right-of-use assets	**Land and buildings R000**	**Plant and equipment R000**	**Vehicles R000**	**Total R000**
2020				
Net book value at beginning of the year	**124 450**	**9 399**	**39 432**	**173 281**
Additions *	**173 866**	**224**	**6 423**	**180 513**
Disposals	**(961)**	**-**	**(400)**	**(1 361)**
Depreciation	**(46 350)**	**(3 340)**	**(19 871)**	**(69 561)**
Translation differences	**2 403**	**732**	**1 388**	**4 523**
Net book value at end of the year	**253 408**	**7 015**	**26 972**	**287 395**
2019				
Net book value at beginning of the year	203 799	8 551	16 811	229 161
Lease escalation provision as at 31 December 2018 derecognised against right-of-use assets at transition	(40 737)	-	-	(40 737)
Additions	17 400	3 861	38 901	60 162
Disposals	-	-	(271)	(271)
Depreciation	(55 975)	(2 945)	(15 933)	(74 853)
Translation differences	(37)	(68)	(76)	(181)
Net book value at end of the year	124 450	9 399	39 432	173 281

* Additions include the extension of the property lease relating to the group's customer service and logistics centre premises in Jet Park, Johannesburg for a further 12 year period for an amount of R164,3 million. Refer to note 22.

Amounts recognised in profit and loss during the reporting period:

	2020 R000	2019 R000
Depreciation expense on right-of-use assets	**69 561**	74 853
Interest expense on lease liabilities	**36 490**	21 748
Expense relating to short-term leases	**15 800**	16 422
Expense relating to leases of low value assets	**1 504**	2 045

9. INTANGIBLE ASSETS

Accounting policy

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

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.

Subsequent to initial recognition, intangible assets generated from internal projects are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. The amortisation expense is included in factory operating expenses.

An assessment is made once the development phase has ended 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 useful life is reviewed annually and adjusted where there is any indication that the previous assessment made is no longer appropriate. The remaining useful lives currently vary from 1 to 10 years. Key assumptions are made concerning the future and may cause a significant adjustment to the carrying amount of the assets within the next financial year.

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.

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*

Capitalised software	2020 R000	2019 R000
Cost		
At beginning of the year	**94 929**	64 780
Additions	**314**	30 160
Translation differences	**21**	(11)
At end of the year	**95 264**	94 929
Accumulated amortisation		
At beginning of the year	**45 160**	42 411
Charge for the year	**5 933**	2 760
Translation differences	**21**	(11)
At end of the year	**51 114**	45 160
Carrying amount at end of the year	**44 150**	49 769

Capitalised engineering development expenditure	2020 R000	2019 R000
Cost		
At beginning of the year	**405 661**	351 416
Capitalised - current year	**38 916**	54 245
Impairment loss *	**(28 101)**	-
At end of the year	**416 476**	405 661
Accumulated amortisation and impairment losses		
At beginning of the year	**160 705**	135 821
Charge for the year	**26 981**	24 884
Impairment loss *	**(4 847)**	-
At end of the year	**182 839**	160 705
Carrying amount at end of the year	**233 637**	244 956
Total intangible assets	**277 787**	294 725

* As a result of cost containment measures and the decision to focus on fewer, key development projects, a review was conducted of capitalised engineering development costs and certain projects were discontinued and impaired. The recoverable amounts of these projects were Rnil. The impairment was recognised in the statement of profit or loss as factory operating expenses.

10. INVESTMENTS

Accounting policy

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

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

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

Financial assets at fair value through other comprehensive income	2020 R000	2019 R000
Listed equity investments not held for trading *		
Opening balance	**3 192**	6 923
Additions at cost	**-**	667
Disposals at fair value	**-**	(2 417)
Translation difference	**90**	(120)
Fair value gains (losses)	**579**	(1 861)
Closing balance	**3 861**	3 192
Unlisted equity investment not held for trading **		
Opening balance	**22 598**	16 661
Translation difference	**3 158**	(919)
Fair value gains	**3 998**	6 856
Closing balance	**29 754**	22 598
Total investments	**33 615**	25 790

* 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 2020 which resulted in a gain of R0,6 million (December 2019: loss of R1,9 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 (2019: Rnil) has been received on these investments in 2020.

** The unlisted equity investment represents a 10% interest in the equity of an entity registered in the United States of America. The entity operates within the dealer and distribution network of the heavy equipment industry. The group does not have access to future forecast information with regards to this entity and has used the market approach to estimate the fair value of its investment. In estimating the fair value, the group used an average price to book ratio of 2.23 (December 2019: 1,99) applied to the estimated net asset value of the entity as at 31 December 2020. The price to book ratio of 2.23 represents an average of observable price to book ratios of a number of listed entities within the heavy equipment industry. The price to book ratios were obtained from a reputable market database. The fair value measurement has been classified as a Level 3 measurement. For a 10% change in the price to book ratio, there would have been an equal impact on the fair value of the investment. The fair value gain of R4,0 million (2019: R6,9 million) was accounted for in other comprehensive income.

11. INTEREST-BEARING RECEIVABLES

Accounting policy

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. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. 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' (refer to note 14).

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

	South Africa	**Europe**	**Rest of Africa**
Finance leases and instalment sale agreements			
• equipment	< 1%	< 1%	< 1%
• parts and services	< 1%	< 1%	< 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 21.2).

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.

	2020 R000	2019 R000
WesBank cash collateral (i)	**43 686**	57 919
Less: allowance for expected credit losses (note 24.3.1)	**(4 319)**	(2 046)
	39 367	55 873
Environmental Protection Agency cash collateral (ii)	**6 609**	6 303
Long-term receivable (iii)	**23 933**	40 708
Instalment sale agreements (iv)	**129 009**	112 052
Finance lease receivables (v)	**6 503**	17 212
BBBEE shareholders' loans *	**3 947**	-
	209 368	232 148
Less: current portion	**(118 784)**	(151 928)
Total long-term portion of interest-bearing receivables	**90 584**	80 220

* Refer to the BBBEE ownership transaction concluded in December 2019 described in note 20.2 and transactions and balances with related parties reflected in note 40.

(i) WesBank cash collateral
The group has a financing venture with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group. Refer to note 44 for further information on the financing venture and the group's accounting policy on revenue in note 28.1.5.

For specific transactions, the risks and rewards are for the group (Bell-backed deals). In respect of these transactions, the group is required to invest an amount with WesBank equal to 25% of the value of the financing provided by WesBank to customers, as collateral. This investment is reflected as interest-bearing receivables on the statement of financial position. The average interest rate for the year was 4,9% (2019: 6,6%) per annum. The group's maximum credit risk exposure in terms of these transactions is reflected in note 24.3.1.

11. INTEREST-BEARING RECEIVABLES *continued*

(i) WesBank cash collateral continued

	2020 R000	2019 R000
WesBank cash collateral	**43 686**	57 919
Less: allowance for expected credit losses (note 24.3.1)	**(4 319)**	(2 046)
	39 367	55 873
Less: current portion	**(6 099)**	(7 818)
Long-term portion	**33 268**	48 055

(ii) Environmental Protection Agency cash collateral

The amount represents cash held as security for a bond held by the Environmental Protection Agency in the United States of America (USA) for certain sales transactions into the USA. The amount earns interest at 0,01% (2019: 1,0%) per annum.

	2020 R000	2019 R000
Environmental Protection Agency cash collateral (EPA)	**6 609**	6 303
Less: current portion	**-**	-
Long-term portion	**6 609**	6 303

(iii) Long-term receivable

The group's operation in the Democratic Republic of the Congo (DRC) ceased trading in October 2018. Inventory and fixed assets were sold to an independent dealer during 2018 on extended payment terms to September 2020. This was renegotiated in the current year, due to cash flow constraints experienced by the dealer, to monthly repayments to April 2022. The interest rate charged was also renegotiated in the current year from 3% per annum to 1,6% per annum which resulted in a loss of R0,1 million.

The amounts are repayable in instalments by:

	2020 R000	2019 R000
2020	**-**	36 420
2021	**18 214**	5 191
2022	**5 965**	-
	24 179	41 611
Less: unearned finance income	**(246)**	(903)
	23 933	40 708
Less: current portion	**(17 984)**	(36 418)
Long-term portion	**5 949**	4 290

At the end of the reporting period R1,5 million (2019: R2,8 million) was past due from the dealer. No allowance for expected credit losses has been raised on this amount. In its assessment of expected credit losses, management considered the following:

- economic and industry conditions in the markets that the dealer is active in.
- the group's long-standing history with this dealer and that, although accounts have taken time to be settled in the past, amounts have been recovered.
- repayments made on the renegotiated payment plan subsequent to year-end.
- forward-looking information including the dealer's forecasts and business plans and the extent of purchases from and payments received by the group on trading accounts with the dealer.
- a holding company guarantee provided by the dealer for the complete payment of these obligations.

11. INTEREST-BEARING RECEIVABLES *continued*

(iv) Instalment sale agreements

Receivables from instalment sale agreements for the amount of R129,0 million (2019: R112,1 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 28.1.8 for revenue recognition from instalment sale agreements.

The amounts are repayable in instalments by:

	Average interest rate per annum	2020 R000	2019 R000
2020	**13,5%**	**-**	90 480
2021	**9,7%**	**88 198**	21 572
2022	**11,2%**	**40 811**	-
		129 009	112 052
Less: current portion		**(88 198)**	(90 480)
Long-term portion		**40 811**	21 572

The following details an analysis of these instalment sale receivables:

	Less than one year R000	One to two years R000	Total R000
2020			
Gross investment	**97 301**	**42 870**	**140 171**
Less: unearned finance income	**(9 103)**	**(2 059)**	**(11 162)**
Present value of minimum payments	**88 198**	**40 811**	**129 009**
2019			
Gross investment	98 774	22 419	121 193
Less: unearned finance income	(8 294)	(847)	(9 141)
Present value of minimum payments	90 480	21 572	112 052

Instalment sale receivables include an amount of R66,6 million (2019: R61,5 million) which was discounted to a financial institution with recourse to the group. The corresponding liability to the financial institution is disclosed in note 21.2.

Instalment sale receivables of R0,4 million (2019: R4,5 million) included above were past due at the reporting date. An allowance for expected credit losses of R0,4 million (2019: Rnil) was raised against instalment sale receivables.

11. INTEREST-BEARING RECEIVABLES *continued*

(v) Finance lease receivables

Finance lease receivables for the amount of R6,5 million (2019: R17,2 million) relate to equipment sold to customers as part of a lease arrangement. Refer to note 28.1.7 for the group's accounting policy on revenue recognition from lease agreements. The amounts are repayable in instalments by:

	Average interest rate per annum	2020 R000	2019 R000
2020	**13,1%**	**-**	17 212
2021	**13,0%**	**6 503**	-
		6 503	17 212
Less: current portion		**(6 503)**	(17 212)
Long-term portion		**-**	-

The following details an analysis of these finance lease receivables:

	Less than one year R000	One to two years R000	Total R000
2020			
Gross investment	**6 606**	**-**	**6 606**
Less: unearned finance income	**(103)**	**-**	**(103)**
Present value of minimum lease payments	**6 503**	**-**	**6 503**
2019			
Gross investment	19 209	-	19 209
Less: unearned finance income	(1 997)	-	(1 997)
Present value of minimum lease payments	17 212	-	17 212

During the year finance lease receivables decreased as a result of repayments by existing customers, with no significant additions.

Finance lease receivables of R6,5 million above (2019: R17,9 million) was discounted to a financial institution with recourse to the group. The corresponding liability to the financial institution is disclosed in note 21.2.

Finance lease receivables of R1,7 million (2019: Rnil) included above were past due at the reporting date. No allowance for expected credit losses was raised. The group considers finance lease receivables to be recoverable as there has not been a significant change in credit quality.

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

12. DEFERRED TAXATION

Accounting policy

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

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

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

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

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

12. DEFERRED TAXATION *continued*

The deferred taxation analysed by major category of temporary difference and the reconciliation of the movement in the deferred taxation balance is as follows:	Deferred taxation assets in group companies at beginning of the year R000	Deferred taxation liabilities in group companies at beginning of the year R000	Translation differences R000	Recognised in other compre-hensive 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
2020							
Accruals	5 139	9 785	62	-	(2 814)	10 444	1 728
Capitalised engineering development expenditure	-	(78 894)	-	-	14 805	(64 089)	-
Contract liabilities (i)	27 249	55 923	55	-	12 914	86 095	10 046
Excess taxation allowances over depreciation charge	(26 024)	(29 730)	(71)	-	6 590	(21 238)	(27 997)
Finance lease receivables	51 122	(8 221)	(75)	-	(26 509)	16 317	-
Future expenditure allowance	-	(3 653)	-	-	(1 914)	(3 355)	(2 212)
Production incentives	-	(17 670)	-	-	6 370	-	(11 300)
Leases (ii)	8 177	(7 130)	-	-	18 768	14 794	5 021
Other allowances, including allowances for future expenditure on contracts	(4 050)	-	-	-	(5 683)	(9 733)	-
Other provisions	8 571	20 887	7	-	(23 965)	5 500	-
Prepayments	(560)	(2 221)	(5)	-	(696)	(2 894)	(588)
Allowance for expected credit losses	(10 352)	15 565	159	-	(2 654)	(6 864)	9 582
Provision for inventory obsolescence	3 317	4 860	661	-	(3 210)	5 628	-
Contract provision - warranty *	21 861	13 926	-	-	2 064	37 851	-
Revaluation of properties	(1 603)	(56 583)	284	-	(1 493)	(11 445)	(47 950)
Refund liabilities **	-	-	-	-	20 275	20 275	-
Taxable losses (iii)	-	-	(707)	-	68 521	67 814	-
Unrealised foreign currency gains and losses	1 150	2 155	(355)	-	4 504	6 466	988
Unrealised profit in inventory	85 853	-	173	-	(16 404)	69 622	-
Totals	**169 850**	**(81 001)**	**188**	**-**	**69 469**	**221 188**	**(62 682)**

(i) During the current year the deferred taxation balances on sales in advance were combined as part of contract liabilities as the group reclassified advance receipts from customers on sales contracts to contract liabilities in the current year. Refer to reclassifications in note 5.

(ii) During the current year the deferred taxation balances on lease liabilities and right-of-use assets were combined into a single category as the group considers these balances to be interrelated.

(iii) Taxable losses include an amount of R57,2 million relating to losses incurred in the group's subsidiary Bell Equipment Group Services Proprietary Limited (BEGS). BEGS incurred a tax loss of R204,3 million. Management is of the view that the deferred taxation asset raised on the taxable loss, which does not expire in the future, is recoverable. Based on management's forecasts, BEGS is expected to utilise its tax loss from 2022. A strengthening in the future global market conditions and an increase in sales volumes could result in the recovery of the deferred taxation asset earlier than expected.

* Refer to restatements of prior periods in note 5.

** Refer to reclassifications of prior periods in note 5.

12. DEFERRED TAXATION *continued*

The deferred taxation analysed by major category of temporary difference and the reconciliation of the movement in the deferred taxation balance is as follows:	Deferred taxation assets in group companies at beginning of the year R000	Deferred taxation liabilities in group companies at beginning of the year R000	Translation differences R000	Recognised in other compre-hensive 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
2019 *							
Accruals	9 946	8 828	(74)	-	(3 776)	5 139	9 785
Capitalised engineering development expenditure	-	(71 533)	-	-	(7 361)	-	(78 894)
Contract liabilities	17 546	50 518	(3)	-	717	18 399	50 379
Excess taxation allowances over depreciation charge	(14 757)	(25 648)	(14)	-	(15 335)	(26 024)	(29 730)
Finance lease receivables	5 450	(160)	1	-	37 610	51 122	(8 221)
Future expenditure allowance	-	(7 567)	-	-	3 914	-	(3 653)
Production incentives	-	(17 244)	-	-	(426)	-	(17 670)
Lease liabilities	-	-	-	-	8 177	8 177	-
Other allowances, including allowances for future expenditure on contracts	(4 728)	-	-	-	678	(4 050)	-
Other provisions	16 997	(60)	-	-	12 521	8 571	20 887
Prepayments	(447)	(725)	1	-	(1 610)	(560)	(2 221)
Allowance for expected credit losses	11 965	12 063	(755)	-	(18 060)	(10 352)	15 565
Provision for lease escalation	9 607	5 934	-	-	(15 541)	-	-
Provision for inventory obsolescence	8 259	210	(906)	-	614	3 317	4 860
Contract provision - warranty	20 460	11 098	338	-	3 891	21 861	13 926
Revaluation of properties	(8 705)	(41 658)	1 430	(4 229)	(5 024)	(1 603)	(56 583)
Right-of-use assets	-	-	-	-	(7 130)	-	(7 130)
Sales in advance	5 089	5 875	3	-	3 427	8 850	5 544
Taxable losses	86	429	-	-	(515)	-	-
Unrealised foreign currency gains and losses	7 093	810	(1 357)	-	(3 241)	1 150	2 155
Unrealised profit in inventory	60 108	-	(85)	-	25 830	85 853	-
Totals	143 969	(68 830)	(1 421)	(4 229)	19 360	169 850	(81 001)

Further information on the group's estimated taxation losses is set out in note 32.1.

* Refer to restatements of prior periods in note 5.

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. Net realisable value represents the estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. 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 and which is classified as inventory is included in note 7.

	2020 **R000**	Restated* 2019 R000
Finished goods		
- manufactured	**640 855**	969 222
- third party	**378 696**	501 736
- used	**295 568**	335 358
Merchandise spares, components and raw materials	**1 898 054**	1 846 454
Work-in-progress	**381 990**	472 690
Total inventory	**3 595 163**	4 125 460

Included above is inventory of R378,0 million (2019: R328,2 million) carried at net realisable value.

Total inventory expensed, included in cost of sales, amounts to R4 979,8 million (2019: R5 802,2 million).

Cost of sales includes an amount of R111,0 million (2019: R77,9 million) in respect of write-downs of inventory.

Inventory includes machines on short-term rental with a carrying value of R87,3 million (2019: R210,1 million). The group recognised R18,0 million (2019: R87,1 million) in cost of sales in respect of write-downs of machines on short-term rentals.

In the current year the group reviewed its inventory provision relating to machines on short-term rentals. In its assessment the group considered the net realisable value of these machines as well as historical costs of repairs incurred upon the return of the rental machines at the end of the rental period. As a result of this review the group released R18,6 million of its inventory provision on short-term rental machines to profit or loss relating to contracts which have not yet expired.

Rental income streams relating to machines on short-term rental with a carrying amount of R12,3 million (2019: R40,2 million) have been discounted to a financial institution with recourse to the group. The corresponding liability to the financial institution is disclosed in note 21.2.

* Refer to restatements of prior periods in note 5.

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

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

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

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

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

	South Africa	*Europe*	*Rest of Africa*
Trade receivables			
• equipment	< 1%	< 1%	< 1%
• parts and services	< 1%	< 1%	1% - 2%

14. TRADE AND OTHER RECEIVABLES *continued*

Accounting policy continued
Impairment continued

b) General allowance continued

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 29.

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.

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.

	2020 R000	2019 R000
Amounts receivable from the sale of goods and services	**725 666**	746 186
Allowance for expected credit losses (refer note 39.3)	**(34 604)**	(59 096)
	691 062	687 090
Sundry debtors	**34 011**	30 584
The Automotive Production Development Programme - production incentives receivable	**57 860**	90 853
Value added taxation receivable	**101 213**	86 144
Total trade and other receivables	**884 146**	894 671

Included above are reimbursement assets of R8,5 million (2019: R5,2 million). Refer to note 25.1.

The directors consider that the carrying amount of trade and other receivables, excluding the value added taxation receivable, approximates their fair value.

Further information regarding the group's credit risk management is set out in note 39.3.

15. CONTRACT ASSETS

Accounting policy

Contract assets relate 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 28.3.1) and the related contract asset is expensed to cost of sales.

Impairment
At the end of the reporting period, the group reviews the carrying amounts of its contract assets 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.

	2020 R000	Restated* 2019 R000
Service and repair work in progress	**28 276**	28 035

Impairment losses recognised on contract assets in the current period amounted to R1,8 million (2019: R0,1 million).

* Refer to restatements of prior periods in note 5.

16. OTHER FINANCIAL ASSETS

Accounting policy

Other financial assets include derivative financial assets, principally forward foreign exchange contracts and are used by the group in its management of financial risks. These contracts are held for trading at fair value with any gains or losses arising on remeasurement recognised in profit or loss. Financial assets are classified as held for trading when they are held with the intention of short-term disposal, or are derivatives. The group has elected not to apply hedge accounting.

Financial assets carried at fair value through profit or loss	2020 R000	2019 R000
Forward foreign exchange contracts (Level 2)	**10 231**	6 759

Level 2 fair value measurements are those derived from inputs other than quoted prices. The fair value of these contracts is based on the market approach which uses observable forward exchange rates at the end of the year. Further details on the group's exposure to currency risk is disclosed in note 39.4.1.

17. 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.

	2020 R000	2019 R000
Cash on hand and cash bank balances	**82 751**	91 163

Interest-bearing receivables includes a cash-backed bond of R6,6 million (2019: R6,3 million) in respect of which the cash is restricted. Refer to notes 11 and 35.2.1.

The directors consider that the carrying amount of cash on hand and cash bank balances approximates their fair value.

18. STATED CAPITAL

	2020 R000	2019 R000
Authorised		
100 000 000 (2019: 100 000 000) ordinary shares of no par value		
Issued		
95 629 385 (2019: 95 629 385) ordinary shares of no par value	**235 541**	232 499

Five million ordinary shares were reserved for the group's equity-settled employee share option scheme. At 31 December 2020, the company had granted options in terms of this scheme to executive directors and employees to subscribe for 1 047 000 (2019: 2 181 604) shares in the company as set out in note 34.1.3.

Authorised but unissued shares in the company, limited to 5% of the number of ordinary shares in issue, in addition to the ordinary shares reserved for the employee share option scheme, are under the control and authority of the directors until the next annual general meeting of shareholders.

19. 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 2018	121 108	26 683	15 384	497 425	2 199	16 612	679 411
Other comprehensive income (loss)	11 302	(1 212)	(833)	(47 180)	-	-	(37 923)
- exchange differences on translating foreign operations	(5)	(1 212)	(833)	(48 422)	-	-	(50 472)
- reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	-	-	-	1 242	-	-	1 242
- surplus on revaluation of properties	15 536	-	-	-	-	-	15 536
- deferred taxation on surplus on revaluation of properties	(4 229)	-	-	-	-	-	(4 229)
Decrease in equity-settled employee benefits reserve	-	-	-	-	-	(901)	(901)
Decrease in statutory reserves of foreign subsidiaries	-	(219)	-	-	-	-	(219)
Fair value gain through other comprehensive income	-	-	4 995	-	-	-	4 995
Transfer between reserves relating to disposal of investments classified as at fair value through other comprehensive income	-	-	(418)	-	-	-	(418)
Share-based payment relating to BBBEE ownership transaction	-	-	-	-	82 316	-	82 316
Balance at 31 December 2019	**132 410**	**25 252**	**19 128**	**450 245**	**84 515**	**15 711**	**727 261**
Other comprehensive (loss) income	**(115)**	**3 003**	**3 611**	**156 406**	**-**	**-**	**162 905**
- exchange differences on translating foreign operations	**5**	**3 003**	**3 611**	**156 406**	**-**	**-**	**163 025**
- loss on revaluation of properties	**(120)**	**-**	**-**	**-**	**-**	**-**	**(120)**
Decrease in equity-settled employee benefits reserve	**-**	**-**	**-**	**-**	**-**	**(7 538)**	**(7 538)**
Increase in statutory reserves of foreign subsidiaries	**-**	**550**	**-**	**-**	**-**	**-**	**550**
Fair value gain through other comprehensive income	**-**	**-**	**4 577**	**-**	**-**	**-**	**4 577**
BBBEE shareholders' loans	**-**	**-**	**-**	**-**	**3 600**	**-**	**3 600**
Balance at 31 December 2020	**132 295**	**28 805**	**27 316**	**606 651**	**88 115**	**8 173**	**891 355**

(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 or loss accumulated 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 20. The reserve represents the BBBEE shareholders' loans issued and the fair value of the share-based payment charges recognised in respect of these transactions as required by IFRS 2 Share-based Payments.

(f) The fair value of equity instruments granted to employees is recognised in equity as required by IFRS 2 Share-based Payments. The balance represents the fair value of outstanding employee share options as described in note 34.1.3.

20. NON-CONTROLLING INTEREST

Accounting policy

Non-controlling shareholders are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the group of its interests in subsidiary companies, where control is maintained subsequent to the transaction, are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

	2020 R000	Restated* 2019 R000
Balance at beginning of the year	**9 433**	23 970
Share of total comprehensive income (loss) for the year	**7 133**	(14 537)
Balance at end of the year	**16 566**	9 433

The non-controlling interest at the end of the year comprised the 22,5% interest of K2017044733 (South Africa) (RF) (Proprietary) Limited (the BESSA BEE SPV) in Bell Equipment Sales South Africa Limited (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. The structure is described in note 20.1 below. Summarised financial information about BESSA is disclosed in note 43.2.

* Refer to restatements of prior periods in note 5.

20.1 BBBEE ownership transaction concluded in 2017 - BESSA

20.1.1 The BESSA BEE SPV

The BESSA BEE SPV was incorporated in 2017 to subscribe for 22,5% of BESSA's ordinary shares. The BESSA BEE SPV is 100% owned by the selected BBBEE partner through a company named Sibi Capital Proprietary Limited (Sibi). Sibi is owned by black women. The subscription price of R2,1 million for the 22,5% interest in BESSA was funded by BESSA through loans to the shareholders of Sibi who loaned this to the BESSA BEE SPV. The loans receivable by BESSA of R2,1 million from the shareholders of Sibi were interest-free and have been repaid. The loans payable by the BESSA BEE SPV to the shareholders of Sibi were interest-free for the initial 12 months, thereafter accrue interest at a rate agreed to from time to time. These loans will only be repaid by the BESSA BEE SPV if and when the BESSA BEE SPV is in a financial position to do so.

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 it's 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 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 43).

20.1.2 The broad based trust

The broad based trust was founded by the group and is known as the Bell Equipment Foundation (BEF). The trust acquired 7,5% of the issued share capital in BESSA in the 2017 BEE transaction. The beneficiaries of the trust are black women. The consideration for the 7,5% interest in BESSA was funded by the group and eliminated on consolidation. 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 43).

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

In December 2019 a BBBEE transaction (the New BEE 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.

20. NON-CONTROLLING INTEREST *continued*

20.2 BBBEE ownership transaction concluded in December 2019 - BECSA and BESSA continued

The BEE shareholders in the New BEE transaction are the following:

- key black executives in the group, who together are a well-balanced and highly qualified team with years of institutional knowledge, bringing the necessary manufacturing expertise, new business development focus, sales and distribution skills and are able to continue to spearhead interactions with the private and public sector; and
- the existing BESSA BEE shareholders, BESSA BEE SPV a 100% black women owned and managed company (refer to note 20.1.1), whose ultimate shareholders are Sindisiwe Mabaso-Koyana and Bharti Harie, as well as BEF, the beneficiaries of which are black women (refer to note 20.1.2).

BBBEE IFRS 2 share-based payment charges of R72,0 million for BECSA and R10,3 million for BESSA were recognised in profit or loss and recorded within equity in respect of the New BEE transaction in the prior year.

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.

20.2.1 Particulars of the New BEE transaction

A new BEE management company (BEE Manco) was incorporated, the shareholders of which are five BEE employees at management level of the group, being Avishkar Goordeen, Duncan Mashika, Dominic Chinnappen, 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.

20.2.2 The purchasers

BECSA

The purchase price of R5,1 million for the effective 51% black shareholding in BECSA through BECSA Holdings and BHL comprises of:

BEE Manco through BHL	– 21% (R2,1 million)
BEE Manco (directly)	– 15% (R1,5 million)
BESSA BEE SPV	– 7.5% (R0,75 million)
BEF	– 7.5% (R0,75 million)

BESSA

The purchase price of R0,9 million for the effective 21% black shareholding in BESSA through BHL comprises of:

BEE Manco through BHL	– 21%

20.2.3 Considerations payable including loan funding by the group

BEE Manco:

(i) The consideration is R0,45 million for every 10% of BEE Manco.

(ii) Loans which are interest free subject to them being repaid in full within 6 months were entered into between BEGS and each of Avishkar Goordeen, Duncan Mashika, Dominic Chinnappen, Bruce Ndlela and Niraj Andhee in terms of which, inter alia, BEGS lent to each of Avishkar Goordeen, Duncan Mashika and Dominic Chinnappen R0,9 million for the subscription for their respective 20% shareholdings in BEE Manco and to each of Bruce Ndlela and Niraj Andhee, R0,45 million for the subscription for their respective 10% shareholdings in BEE Manco. The outstanding balances of these loans have been included under interest-bearing receivables (refer to note 11).

(iii) An interest free loan of R0,9 million was entered into between BEGS and BEF for purposes of funding BEF's subscription for a 20% shareholding in BEE Manco. This has been eliminated on consolidation.

BESSA BEE SPV:

An interest free loan of R0,75 million was entered into between BEGS and BESSA BEE SPV for purposes of BESSA BEE SPV acquiring 7.5% of the shares in BECSA Holdings. This loan has subsequently been repaid.

BEF:

An interest free loan of R0,75 million was entered into between BEGS and BEF for purposes of BEF acquiring 7.5% of the shares in BECSA Holdings. This has been eliminated on consolidation.

20.2.4 The valuations of the entities that are the subject of the New BEE transaction

BECSA:

The independent equity valuation of 100% of BECSA was undertaken in 2019 based on the discounted cash flow methodology and was determined as R360,0 million.

BESSA:

The independent equity valuation of 100% of BESSA was undertaken in 2019 based on the discounted cash flow methodology and was determined as R120,0 million.

21. INTEREST-BEARING LIABILITIES

Accounting policy

Interest-bearing liabilities are measured at amortised cost, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability. 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..

21.1 Mortgage loans and other term loans

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

Secured	Average variable / fixed rate of interest per annum	2020 R000	2019 R000
Long-term mortgage loans and other term loans from financial institutions repayable in instalments by:			
April 2020 (i)	9,8%	-	138
July 2020 (ii)	5,2%	-	7 770
August 2022 (iii)	7,6%	**2 807**	4 314
December 2023 (iv)	7,3%	**9 507**	12 270
July 2024 (v) *	6,5%	**387**	417
August 2024 (vi) *	1,6%	**31 490**	34 907
September 2031 (vii) *	1,7%	**38 776**	36 914
November 2032 (viii) *	1,8%	**41 502**	39 180
August 2033 (ix) *	1,7%	**107 411**	100 567
		231 880	236 477
Less: current portion		**(28 402)**	(18 283)
Long-term portion		**203 478**	218 194

* Fixed rate of interest.

The following properties, vehicle and equipment at net book value are encumbered as security for the secured borrowings above:

(i) vehicles in South Africa Rnil (2019: R0,5 million)
(ii) freehold land and buildings in Kitwe, Zambia Rnil (2019: R85,1 million)
(iii) plant and equipment in South Africa R4,9 million (2019: R5,8 million)
(iv) freehold land and buildings in Middelburg, South Africa R39,1 million (2019: R39,8 million)
(v) a vehicle in Perth, Australia R0,3 million (2019: R0,4 million)
(vi) equipment in Kindel, Germany R39,4 million (2019: R33,9 million)
(vii) freehold land and buildings in Alsfeld, Germany R82,2 million (2019: R75,9 million)
(viii) freehold land and buildings in Kindel, Germany R65,9 million (2019: R51,3 million)
(ix) buildings in Kindel, Germany R160,8 million (2019: R156,7 million)

21. INTEREST-BEARING LIABILITIES *continued*

21.2 Collateralised borrowings

Accounting policy

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

Rental assets sold and leased back
This represents amounts payable to financial institutions where certain rental assets were sold and leased back under the same arrangement.

The accounting treatment of a sale and leaseback transaction depends upon whether the transfer of the asset is a sale. Using the revenue recognition principles as described in note 28, the group accounts for the transfer of the asset as a sale if it meets the recognition criteria and control over the asset has transferred to the financial institution. This requires judgement. Where the transfer of the asset does not satisfy the revenue recognition requirements to be accounted for as a sale, the asset is not derecognised and a corresponding liability is recognised for the proceeds received with the asset as security. Where the transfer of the asset satisfies the requirements to be accounted for as a sale, the group recognises a right-of-use asset that relates to the right of use retained by the group based on the previous carrying amount, and a corresponding lease liability for the lease payments.

The amounts below represent those rental assets sold where the transfer of the asset did not meet the revenue recognition criteria and the group has essentially obtained funding with the asset as security.

Discounted short-term rentals
Where rental income streams from operating leases have been discounted to financial institutions with recourse to the group, the group recognises a liability on the statement of financial position.

Collateralised borrowings - secured	Average variable rate of interest per annum	**2020 R000**	2019 R000
Discounted finance lease receivables	12,8%	**4 691**	17 947
Discounted instalment sale agreements	12,7%	**41 034**	61 492
Rental assets sold and leased back *	12,9%	**29 640**	109 327
Discounted short-term rentals **	12,6%	**6 362**	33 974
		81 727	222 740
Less: current portion		**(80 886)**	(180 535)
Long-term portion		**841**	42 205

* The net book value of rental assets subject to sale and leaseback borrowings amounted to R2,6 million (2019: R28,8 million) and was included in property, plant and equipment as disclosed in note 7.

** This represents amounts payable to financial institutions where certain inventory items are on short-term rental and these rental income streams have been discounted with recourse to the group. The book value of inventory subject to these borrowings amounted to R12,3 million (2019: R40,3 million).

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.

21. INTEREST-BEARING LIABILITIES *continued*

21.3 Trade loans

Trade loans comprise the following:

Unsecured	Average variable rate of interest per annum	2020 R000	2019 R000
Industrial Development Corporation (IDC) of South Africa *	10,2%	**433 630**	767 815
Government funding program - Paycheck Protection Program (PPP) loan **	0,01%	**4 458**	-
Supplier extended payment terms	-	**-**	46 672
		438 088	814 487
Less: current portion		**(438 088)**	(814 487)
Long-term portion		**-**	-

* The IDC trade finance is unsecured and is a rolling credit facility, repayable six-monthly. Utilisation of the facility is restricted to the funding of working capital. Subsequent to year end the facility amount was reduced from R750 million to R550 million (2019: R750 million) and the terminal drawdown date was extended from 31 March 2021 to 31 December 2021. The facility is fully repayable within 6 months of the terminal drawdown date, unless a renewal of the facility is negotiated.

** In the current period the group's operation in the United States of America, Bell Equipment North America Inc. obtained a forgivable low-interest loan from the federal government due to the COVID-19 pandemic. The loan had to be used for eligible costs including payroll, mortgage interest, rent and operational costs over an 8 to 24 week period and certain employee and compensation levels had to be maintained. In the group's judgement all necessary conditions for forgiveness of the loan have been met.

	2020	2019
Total current portion of interest-bearing liabilities	**547 376**	1 013 305
Total long-term portion of interest-bearing liabilities	**204 319**	260 399

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

The directors consider that the carrying amount of interest-bearing liabilities approximates their fair value.

22. LEASE LIABILITIES

Accounting policy

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

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

Subsequent to initial measurement, the lease liability is reduced to reflect lease payments made. The lease liability is remeasured for changes in estimated lease terms or changes in variable rents based on an index or rate.

Lease payments
Lease payments included in the measurement of the lease liability comprise of fixed payments (including in substance fixed) and variable lease payments based on an index or rate and payments. 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. Interest on the lease liabilities is presented in the statement of profit or loss as interest expensed.

Lease term
The lease term included in the measurement of the lease liability is the non-cancellable period of the lease and includes any rent-free periods provided to the group by the lessor, 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.

	2020 R000	2019 R000
Lease liability at beginning of the year	**210 896**	229 161
Translation differences	**3 376**	(384)
Lease modifications and new lease contracts entered into *	**174 361**	60 162
Lease contracts ended	**(1 577)**	-
Interest expense on lease liabilities	**36 490**	21 748
Lease liabilities repaid	**(91 330)**	(99 791)
	332 216	210 896
Less: current portion	**(49 673)**	(100 757)
Long-term portion	**282 543**	110 139

* Lease modifications include the extension of the property lease relating to the group's customer service and logistics centre premises in Jet Park, Johannesburg for a further 12 year period for an amount of R158,3 million. Refer to note 8.

22. LEASE LIABILITIES *continued*

	2020 R000	2019 R000
The breakdown of lease payments is as follows:		
Fixed lease payments	**82 087**	93 461
Variable lease payments	**9 243**	6 330
Total	**91 330**	99 791

Total cash outflows for leases amount to R108,6 million (2019: R118,3 million) for the year.

	2020 R000	2019 R000
Below sets out the contractual maturities of lease liabilities:		
Less than 1 year	**81 027**	105 838
Between 1 and 2 years	**61 301**	59 834
Between 2 and 3 years	**52 094**	26 790
Between 3 and 4 years	**49 041**	15 709
Between 4 and 5 years	**49 803**	13 599
Over 5 years	**266 491**	40 438
Total contractual cash flows	**559 757**	262 208

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

23. 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 28.1.2, 28.1.3 and 28.3.1.

23.1 Advance receipts from customers	2020 R000	2019 R000
Balance at beginning of the year	**29 151**	36 074
Translation difference	**(1 741)**	(927)
Amounts received in advance for delivery of finished goods	**59 049**	81 145
Revenue recognised during the year	**(34 418)**	(87 141)
	52 041	29 151
Less: current portion	**(52 041)**	(29 151)
Long-term portion	**-**	-

An amount of R 29,2 million (2019: R36,1 million) included in the opening balance was recognised as revenue in the current period.

* Refer to reclassifications of prior periods in note 5.

23.2 Deferred warranty income	2020 R000	2019 R000
Balance at beginning of the year	**138 762**	136 056
Less: allocation to deferred finance income liability	**(9 087)**	-
Extended warranty contracts sold during the year	**70 597**	78 022
Revenue recognised during the year	**(58 733)**	(75 316)
	141 539	138 762
Less: current portion	**(66 203)**	(63 120)
Long-term portion	**75 336**	75 642

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 R 54,0 million (2019: R60,0 million) included in the opening balance was recognised as revenue in the current period.

23.3 Deferred service contract revenue	2020 R000	2019 R000
Balance at beginning of the year	**64 404**	76 217
Translation difference	**247**	-
Service contracts sold during the year	**70 962**	55 360
Costs in excess of contract value	**1 059**	4 535
Expired during the year	**(11 286)**	(26 054)
Utilised during the year	**(43 685)**	(45 654)
	81 701	64 404
Less: current portion	**(59 521)**	(45 664)
Long-term portion	**22 180**	18 740

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.

23. CONTRACT LIABILITIES *continued*

23.4 **Deferred finance income liability**	**2020 R000**	2019 R000
Balance at beginning of the year	**40 923**	41 867
Add: allocation from deferred warranty income	**9 087**	-
Deferred finance income from:		
- Extended warranty contracts sold	**30 019**	17 760
- Service contracts sold	**4 330**	5 065
Less: deferred finance income recognised in interest income		
- Extended warranty contracts	**(18 534)**	(18 167)
- Service contracts	**(5 716)**	(5 602)
	60 109	40 923
Less: current portion	**(31 797)**	(21 976)
Long-term portion	**28 312**	18 947

The deferred finance income liability relates to the finance component on extended warranty contracts and service contracts sold (notes 23.2 and 23.3 above) with contract terms exceeding 12 months. The average discount rate applied to extended warranty contracts was 10,5% (2019: 10,5%) and 10,0% (2019: 10,0%) on service contracts.

	2020 R000	Restated* 2019 R000
Total current portion of contract liabilities	**209 562**	159 911
Total long-term portion of contract liabilities	**125 828**	113 329

* Refer to reclassifications of prior periods in note 5.

24. REFUND LIABILITIES

24.1 Transactions with residual value undertakings

Accounting policy

Transactions with residual value undertakings are in respect of revenue transactions as described in the group's accounting policy for revenue in note 28.1.6.

24.1.1 Refund liabilities recognised relating to residual value risk - De Lage Landen International	2020 R000	2019 R000
Balance at beginning of the year	-	-
Increase during the year	81 707	-
Payments made during the year	(11 345)	-
Translation difference	2 049	-
	72 411	-
Less: current portion	(18 103)	-
Long-term portion	54 308	-

In terms of an agreement between the group and a financial institution, De Lage Landen International, lease agreements with guaranteed residual values have been offered by the financial institution to the group's customers in certain countries.

Management has exercised judgement in assessing the market values expected to be realised on the return of the machines at the end of the lease periods, the expected timing of the return of machines and the rate of 4,4% per annum used to discount the expected future cash outflows to settle the obligation. The discount rate of 4,4% was based on an average of:

a) the interquartile range of arm's length fixed rate equivalent interest rates for USD denominated loans being 2,45% to 6,69%; and

b) the average yield of BB and B rated bonds being between 2,94% to 5,35%, based on USD fair value yield curves.

The liability represents the difference between these expected market values and the residual values guaranteed to the financial institution.

This liability is carried at amortised cost and the charge has been debited to revenue. Refer to note 28.1.6.

24.1.2 Other transactions with residual value guarantees where no refund liability was recognised	2020 R000	2019 R000
In the event of a residual value shortfall on this equipment, the group would be exposed to a maximum amount of	832	17 180
Residual value risk in respect of residual value guarantees where no shortfall is anticipated and where no refund liability was recognised	832	17 180

The above amounts relate to sales transactions to financial institutions which lease the equipment to customers for an agreed lease term.

24.2 Refund liabilities relating to right-to-return parts	2020 R000	Restated * 2019 R000
Right-to-return liability	9 297	16 785
Less: current portion	(9 297)	(16 785)
Long-term portion	-	-
Total current portion of refund liabilities in notes 24.1.1 and 24.2	27 400	16 785
Total long-term portion of refund liabilities in notes 24.1.1 and 24.2	54 308	-

* Refer to reclassifications of prior periods in note 5.

24. REFUND LIABILITIES *continued*

24.3 Transactions with credit risk undertakings

Accounting policy

Transactions with credit risk undertakings are in respect of revenue transactions as described in the group's accounting policy for revenue in note 28.1.5.

24.3.1 WesBank - credit risk	2020 R000	2019 R000
Bell-backed		
At year-end the group's credit risk exposure to WesBank under Bell-backed deals, for which the group carries all the credit risk, totalled	**165 612**	222 332
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	**262 802**	272 851
	(97 190)	(50 519)
Less: allowance for expected credit losses against cash collateral	**(4 319)**	(2 046)
Net credit risk relating to WesBank Bell-backed transactions	**-**	-
Bell-shared risk		
At year-end the group's credit risk exposure to WesBank under Bell-shared risk deals, for which the group carries a portion of the credit risk, totalled	**410**	2 109
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	**140**	4 591
	270	(2 482)
Less: refund liability recognised	**-**	-
Net credit risk relating to WesBank Bell-shared risk transactions	**270**	-

In the current year a number of customers on the Bell-backed portfolio applied for and were granted payment moratoriums for a three-month period as a result of the impact of COVID-19 on their businesses. In almost all cases, customers resumed normal repayments during the second half of 2020.

All customer balances in the portfolio were assessed on the basis described in note 28.1.5 and an additional allowance for expected credit losses of R2,3 million was made against the cash collateral at the end of the reporting period. Based on the insignificant historical loss rate on Bell-backed transactions, market conditions, market prices which are expected to be realised for the equipment held as security, in respect of which the exchange rate and the weak South African Rand is a significant factor, management concluded that the risk of expected credit losses on a portfolio basis was reduced to an insignificant amount.

24.3.2 Other institutions - credit risk	2020 R000	2019 R000
At year-end the group's credit risk exposure to these financial institutions totalled	**6 113**	8 009
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	**3 922**	1 566
	2 191	6 443
Less: refund liability recognised	**(890)**	-
Net credit risk relating to transactions with other institutions	**1 301**	6 443

The historical loss rate on transactions with other institutions was insignificant in both the current and prior periods and therefore no refund liability for anticipated credit losses on a portfolio basis was considered necessary.

25. PROVISIONS

Accounting policy

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

25.1 Manufactured equipment

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

The group has the right to recover certain warranty costs incurred on manufactured equipment from the group's component suppliers. The group recognises the reimbursement asset only when it is virtually certain that reimbursement will be received from the component supplier. In the group's judgement, the group's right to reimbursement is assessed as virtually certain when the group receives a valid warranty claim against the standard warranty policy from a customer and this is recognised as a financial asset under trade and other receivables. The amount included under trade and other receivables as at 31 December 2020 amounts to R8,5 million (2019: R5,2 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 35.1.1.

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.

25.2 Third-party equipment

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

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

25. PROVISIONS *continued*

	Restated* Contract provision - standard warranty R000	Lease escalation R000	Other provisions R000	Total R000
Balance at 31 December 2018	106 852	41 100	-	147 952
Increase (decrease) during the year	160 626	(41 100)	-	119 526
Utilised during the year	(144 177)	-	-	(144 177)
Translation differences	(807)	-	-	(807)
Balance at 31 December 2019	122 494	-	-	122 494
Less: current portion	(93 043)	-	-	(93 043)
Long-term provisions at 31 December 2019	29 451	-	-	29 451
Balance at 31 December 2019	**122 494**	**-**	**-**	**122 494**
Increase during the year	**151 875**	**-**	**890**	**152 765**
Utilised during the year	**(136 429)**	**-**	**-**	**(136 429)**
Translation differences	**1 602**	**-**	**-**	**1 602**
Balance at 31 December 2020	**139 542**	**-**	**890**	**140 432**
Less: current portion	**(109 896)**	**-**	**(890)**	**(110 786)**
Long-term provisions at 31 December 2020	**29 646**	**-**	**-**	**29 646**

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

* Refer to restatements of prior periods in note 5.

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.

	2020 R000	Restated* 2019 R000
Trade creditors	**708 055**	755 386
Audit fees	**8 043**	9 494
Credit balances in trade and other receivables	**18 013**	28 049
Leave pay and other payroll accruals	**73 931**	86 222
Other accruals **	**37 099**	22 554
Maintenance obligations	**8 500**	7 000
Customs duties	**5 357**	4 760
Legal fees	**5 568**	3 404
Interest payable	**2 392**	4 300
Sundry creditors	**31 278**	29 741
Value added taxation payable	**34 818**	37 503
Total trade and other payables	**933 054**	988 413

* Refer to reclassifications of prior periods in note 5.

** Includes accruals for additional costs on finished goods incurred in the normal course of business, import licence clearing duties and consulting fees.

The directors consider that the carrying amount of trade and other payables, excluding the value added taxation payable, approximates their fair value.

27. OTHER FINANCIAL LIABILITIES

Accounting policy

Other financial liabilities include derivative financial liabilities, principally forward foreign exchange contracts, and are used by the group in its management of financial risks. These contracts are held for trading at fair value with any gains or losses arising on remeasurement recognised in profit or loss. Financial liabilities are classified as held for trading when they are held with the intention of short-term disposal, or are derivatives. The group has elected not to apply hedge accounting.

Financial liabilities carried at fair value through profit or loss	2020 R000	2019 R000
Forward foreign exchange contracts (Level 2)	**14 476**	2 347

Level 2 fair value measurements are those derived from inputs other than quoted prices. The fair value of these contracts is based on the market approach which uses observable forward exchange rates at the end of the year. Further details on the group's exposure to currency risk is disclosed in note 39.4.1.

28. 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.

The group recognises revenue from the following major sources:

- sale of finished goods (manufactured, third party, used) and extended warranties
- sale of parts
- service income
- rental income

28.1 Sale of finished goods (manufactured, third party, used) and extended warranties

28.1.1 Sale of finished goods

Revenue from the sale of finished goods is recognised when the group has satisfied its performance obligation in terms of the contract with the customer and control over the goods has transferred to the customer.

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, the customer's ability to direct the use of the asset or obtain benefits from it.

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

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

Standard warranties on the equipment are not separately sold by the group in its ordinary course of business and are not separately priced. The group accounts for these in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. Refer to note 25.

28.1.2 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 23.1.

28.1.3 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. A deferred income liability is recognised at inception based on the discounted amount. Refer to note 23.2. 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.

28. **REVENUE** continued

28.1 Sale of finished goods (manufactured, third party, used) and extended warranties continued

28.1.4 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.

28.1.5 Transactions with credit risk undertakings

In these transactions the sale of finished goods to customers has been financed through financial institutions and the group has a credit risk undertaking with that financial institution for some or all of the credit risk. This includes transactions through the group's financing venture with WesBank, as described in note 44, and shared risk arrangements with other institutions. The group's credit backing enables the customer to obtain funding from the financial institution. 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 insignificant. A net credit risk for the group's exposure to credit risk is disclosed where the likelihood of revenue reversal is considered to be insignificant (refer to note 24.3).

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 these financial institutions, 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 and debited to revenue. A corresponding right of recovery asset is recognised for the value of the equipment held as security where the group anticipates repossession of the machine. In assessing the group's credit risk exposure and the likelihood of reversal of revenue relating to these transactions, the group also uses an expected default rate based on historical trends and forward-looking information to measure expected credit losses on a portfolio basis. The group uses the same inputs and factors and considers the same forward-looking and macroeconomic information as described in the group's accounting policy for impairment of trade receivables (refer to note 14) when measuring the expected credit losses.

28.1.5.1 WesBank - credit risk

Refer to note 44 for information on the group's financing venture with WesBank.

Bell-backed

In Bell-backed deals the group is liable for all credit risk and therefore the full balance due to WesBank by default customers. The group is required to pay 25% cash collateral to WesBank in respect of these transactions which is accounted for as interest-bearing receivables as disclosed in note 11. The cash investment is adjusted for anticipated credit losses through the use of an allowance account and recognised in the statement of profit or loss as an adjustment to revenue.

Bell-shared risk

In Bell-shared risk deals the group is liable for a portion of the credit risk and a portion of the balance due to WesBank by default customers. The group's exposure is calculated as a percentage of the net selling price of the equipment. No cash collateral is required for these transactions. A refund liability is recognised with a corresponding adjustment to revenue to account for anticipated credit losses.

28.1.5.1.2 Other institutions - credit risk

Shared risk

The group has entered into similar shared risk arrangements with various other institutions. These arrangements are first-loss exposure undertakings and the group's exposure remains fixed until the capital is repaid. A refund liability is recognised with a corresponding adjustment to revenue to account for anticipated credit losses.

28. REVENUE *continued*

28.1 Sale of finished goods (manufactured, third party, used) and extended warranties continued

28.1.6 Transactions with residual value undertakings

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

Judgement is used in assessing the residual value risk in determining the transaction price of the equipment. The residual value is the risk that the market value realised for these products is less than what was expected when the contracts were entered into. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account anticipated market conditions, product development, environmental regulations, competitor actions, projected disposal values and any other factors that may have a potential impact on the residual value. Where a shortfall between the assessed market value of the equipment and the residual value guaranteed by the group is anticipated, the group recognises a refund liability to this extent in the statement of financial position with a corresponding adjustment to the transaction price and revenue. Refer to note 24.1.1 for the group's recognised liabilities in respect of residual value guarantees which represent the discounted value of the group's liability. Where no shortfall is anticipated, the residual value risk is disclosed which is presented in note 24.1.2. The group reassesses the market value of the underlying equipment and determines the probable outcome of the residual value guarantee at each reporting period.

In some instances, a residual value estimate is made by the financial institution at the time of sale, which is lower than the group's guaranteed amount. The group's exposure is limited to the difference between the group's guaranteed amount and the financial institution's predetermined estimate. If at the end of the contract period, the equipment achieves a market price that is higher than the group's guaranteed amount, the group shares in the profit and this is accounted for as an adjustment to revenue. If the equipment achieves a market price that is within the range between the group's guaranteed amount and the financial institution's predetermined estimate, the group reimburses the financial institution for the difference and accounts for the loss as an adjustment to revenue.

28.1.7 Transactions with lease agreements

The group as lessor

Where goods are sold as part of a lease arrangement, the group uses the guidance in I*FRS 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. A finance lease receivable is recognised on the statement of financial position in interest-bearing receivables at the amount of the group's net investment in the lease. Refer to note 11. Where significant, the transaction price is adjusted for the financing benefit to the customer.

Refer to note 28.4 for leases classified as operating leases and note 37 for the disclosure of operating lease arrangements.

28.1.8 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. 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).

Except for instalment sale agreements and finance leases, 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.

28. REVENUE *continued*

28.2 Sale of parts

Revenue from the sale of parts is recognised when the group has satisfied its performance obligation in terms of the contract with the customer and control over the parts has transferred to the customer. This requires judgement. 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.

28.3 Service income

28.3.1 Service contracts

Service contract income 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.

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. Revenue is recognised at a point in time, upon completion of the service as this is when, in the group's judgement, the group has obtained the right to receive payment and the customer has obtained benefits from the service provided. Contract assets relating to service work-in-progress is presented in note 15.

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 23.3. 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 an appropriate discount rate which is the interest rate implicit in the contract. 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, taking into account an anticipated forfeiture rate. The group applies judgement in determining the forfeiture rate which is the number of service intervals a customer is anticipated to forfeit. A customer may elect to enter into a new contract to extend the service period after the expiry of the initial service term.

28.3.2 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 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. The group applies judgement and 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. Revenue is recognised when the group has satisfied its performance obligation and control has passed to the customer.

28.4 Rental income

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, and considers if significant risks and rewards of ownership have transferred to the customer.

Rental income relates to those lease arrangements that have been classified as operating leases and where risks and rewards associated with ownership of the asset have not transferred to the customer. Rental income from operating leases is recognised over time based on the hours utilised on the machine as this, in the group's judgement, depicts the transfer of benefits to the customer.

In instances where the rental income streams from operating leases have been discounted to financial institutions with recourse to the group, the group recognises a liability on the statement of financial position. Refer to note 21.2.

28. 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 income, extended warranty and rental income.

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

	MANUFACTURING, ASSEMBLY, LOGISTICS AND DEALER SALES OPERATIONS		DIRECT SALES OPERATIONS		
	South Africa R000	Europe R000	South Africa R000	Rest of Africa R000	Total Revenue R000
2020					
Revenue					
Sale of equipment *	**628 943**	**1 992 531**	**1 930 571**	**133 433**	**4 685 478**
Sale of parts	**335 756**	**245 576**	**715 520**	**162 230**	**1 459 082**
Service income	**41 463**	**73 161**	**179 977**	**23 713**	**318 314**
Extended warranty	**66 730**	**1 415**	**-**	**-**	**68 145**
Rental income	**-**	**8 649**	**148 835**	**1 774**	**159 258**
Total revenue	**1 072 892**	**2 321 332**	**2 974 903**	**321 150**	**6 690 277**
2019					
Revenue					
Sale of equipment	996 473	2 474 189	2 012 386	186 549	5 669 597
Sale of parts	310 449	275 779	766 435	167 427	1 520 090
Service income	52 207	86 619	205 948	26 947	371 721
Extended warranty	82 437	677	-	-	83 114
Rental income	-	8 968	168 303	1 376	178 647
Total revenue	1 441 566	2 846 232	3 153 072	382 299	7 823 169

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

Timing of revenue recognition	**2020 R000**	2019 R000
At a point in time		
Sale of equipment *	**4 685 478**	5 669 597
Sale of parts	**1 459 082**	1 520 090
Service income	**318 314**	371 721
Total	**6 462 874**	7 561 408
Over time		
Extended warranty	**68 145**	83 114
Rental income	**159 258**	178 647
Total	**227 403**	261 761
Total revenue	**6 690 277**	7 823 169

* Sale of equipment in manufacturing, assembly, logistics and dealer sales operations in Europe has been reduced by an amount of R81,7 million (2019: Rnil) relating to the expected loss on sales transactions concluded with residual value guarantees. Refer to note 24.1.

Included in revenue for the year is an amount of R82,6 million relating to a bill and hold arrangement for the sale of equipment to a particular customer. Control of the equipment has passed to the customer and management's assessment is that the likelihood of revenue reversal in future periods is remote. At year-end, revenue recognised from total bill-and-hold arrangements amounted to R153,5 million (2019: R46,2 million).

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.

Related party sales are disclosed in note 40.

29. PROFIT FROM OPERATING ACTIVITIES

	2020 R000	Restated* 2019 R000
Profit from operating activities is arrived at after taking into account:		
Income		
Currency exchange gains (i)	**198 676**	145 646
The Automotive Production Development Programme - production incentives (refer to note 46)	**62 630**	117 171
Net surplus on disposal of property, plant and equipment and intangible assets	**4 314**	1 544
Expenditure		
Amortisation of intangible assets		
- capitalised software	**5 933**	2 760
- capitalised engineering development expenditure	**26 981**	24 884
Amounts written off as credit impaired	**31 732**	22 675
Decrease in allowance for expected credit losses on trade and other receivables	**(29 465)**	(10 490)
Auditors' remuneration		
- audit fees - current	**12 497**	10 412
- prior	**1 615**	(68)
- other services	**1 183**	2 307
BBBEE share-based payment charges (ii)	**-**	82 317
Consulting fees (iii)	**25 476**	35 275
Currency exchange losses (i)	**245 379**	133 033
Depreciation of property, plant and equipment		
- freehold buildings	**25 266**	22 781
- leasehold buildings	**610**	609
- plant and equipment	**52 236**	48 227
- rental assets	**57 278**	54 824
- aircraft	**346**	598
- vehicles	**5 098**	6 854
Depreciation of right-of-use assets		
- land and buildings	**46 350**	55 975
- plant and equipment	**3 340**	2 945
- vehicles	**19 871**	15 933
Directors' remuneration		
Paid by company:		
- non-executive directors' fees	**4 805**	4 311
Paid by subsidiaries:		
- executive directors - salaries (iv)	**6 316**	7 556
- benefits	**1 239**	1 356
Impairment loss recognised on revaluation of buildings **	**31 873**	1 085
Impairment loss recognised on plant and equipment **	**1 067**	-
Impairment loss recognised on intangible assets **	**23 254**	-
Increase in contract provision - warranty (v) ***	**957**	23 977
Lease expenses (vi)		
- equipment and vehicles	**9 905**	11 585
- land and buildings	**7 399**	6 883
Research expenses (excluding staff costs)	**34 808**	34 433
Staff costs (iv)	**1 285 889**	1 422 471

29. PROFIT FROM OPERATING ACTIVITIES *continued*

(i) Net currency exchange losses arose mainly on foreign currency denominated inventory purchases and trade and other payables as a result of the Rand weakening against the Euro and the USD in the current year.

(ii) In the prior year an IFRS 2 share-based payment charge was recognised as part of the BBBEE ownership transaction.

(iii) Consulting fees include services relating to the BEE ownership transaction concluded in 2019, foreign currency risk management, taxation advisory and the outsourcing of the internal audit function.

(iv) Staff costs decreased by 9,6% mainly due to a reduction in contract labour at the manufacturing facilities and group-wide salary reductions of 20% for staff members and 25% for the executive directors for the period May to July 2020.

(v) The increase in the warranty provision in 2019 related to specific warranty campaigns.

(vi) Included in lease expenses are amounts for short-term leases and leases of low value assets. Refer to note 8.

Details of remuneration paid to directors and prescribed officers of the company are set out in note 45.

* Refer to restatements of prior periods in note 5.

** Refer to the impairment considerations in note 41.

*** The provision for standard warranty costs has been restated. Refer to restatements of prior periods in note 5.

30. INTEREST EXPENSE

	2020 R000	2019 R000
Interest expense consists of the following:		
Interest expense on bank overdrafts and loans	**35 096**	41 364
Interest expense on collateralised borrowings	**16 921**	25 877
Interest expense on lease liabilities	**36 490**	21 748
Interest expense on Industrial Development Corporation (IDC) of South Africa working capital facility	**58 179**	61 594
Other interest expenses *	**7 482**	15 574
Total interest expense	**154 168**	166 157

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

31. INTEREST INCOME

	2020 R000	2019 R000
Interest income consists of the following:		
Interest income from service contracts	**5 716**	5 602
Interest income from extended warranty contracts	**18 534**	18 167
Interest income from finance lease receivables	**2 980**	3 121
Interest income from instalment sale agreements	**14 136**	18 122
Interest income from financial institutions	**2 243**	4 519
Other interest income *	**7 416**	4 667
Total interest income	**51 025**	54 198

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

32. 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 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.

32. TAXATION *continued*

32.1 Taxation recognised in profit or loss	2020 R000	Restated* 2019 R000
South African normal taxation		
Current taxation		
- current year	**35 124**	33 012
- prior year	**14 226**	7 202
Deferred taxation		
- current year	**(55 792)**	(24 114)
- prior year	**(6 931)**	(5 491)
Withholding taxation	**956**	895
Other corporate taxation	**31**	-
Foreign taxation		
Current taxation		
- current year	**6 538**	30 078
- prior year	**664**	(360)
Deferred taxation		
- current year	**(6 620)**	10 245
- prior year	**(126)**	-
Withholding taxation	**767**	408
Other corporate taxation, including wealth taxation	**797**	2 386
Total taxation recognised in profit or loss	**(10 366)**	54 261
Reconciliation of rate of taxation (%)	**%**	%
Standard rate of taxation	**28**	28
Adjustment for:		
Disallowable share-based payments, legal and consulting fees	**(1)**	24
Special allowances for taxation	**6**	(7)
Prior year taxation	**(12)**	1
Withholding and other corporate taxation	**(4)**	4
Losses incurred by subsidiaries where no deferred taxation assets have been recognised and the impact of different taxation rates of subsidiaries operating in other jurisdictions	**(2)**	1
Effective rate of taxation	**15**	51

The group's estimated taxation losses amount to R533,2 million (2019: R259,3 million). Included in this amount are losses of R32,6 million (2019: R2,3 million) that will expire as set out below:

	2020 R000	2019 R000
Less than one year	**10 174**	-
Two to five years	**13 536**	2 300
Six to ten years	**8 883**	-
Total	**32 593**	2 300

Other losses may be carried forward indefinitely.

A deferred taxation asset of R67,8 million (2019: Rnil) was recognised in respect of taxation losses. Refer to note 12.

Unused taxation losses for which no deferred taxation assets have been recognised are revenue in nature and amount to R285,3 million (2019: R259,3 million). Of this amount R19,1 million (2019: R2,3 million) will expire as follows:

	2020 R000	2019 R000
Less than one year	**10 174**	-
Two to five years	**-**	2 300
Six to ten years	**8 883**	-
Total	**19 057**	2 300

32. TAXATION *continued*

32.2 Taxation recognised in other comprehensive income	2020 R000	2019 R000
Deferred taxation		
- property revaluation	-	4 229
Total taxation charge recognised in other comprehensive income	-	4 229

* Refer to restatements of prior periods in note 5.

33. (LOSS) EARNINGS AND NET ASSET VALUE PER SHARE

			Notes	2020	Restated* 2019
33.1	**(Loss) earnings per share (basic)**				
	(Loss) profit attributable to owners of Bell Equipment Limited	(R000)		**(64 292)**	66 800
	Weighted average number of shares in issue	(000)		**95 629**	95 629
	(Loss) earnings per share (basic)	(cents)		**(67)**	70
33.2	**(Loss) earnings per share (diluted)**				
	(Loss) profit attributable to owners of Bell Equipment Limited	(R000)		**(64 292)**	66 800
	Fully converted weighted average number of shares	(000)		**98 604**	95 629
	(Loss) earnings per share (diluted)	(cents)		**(65)**	70

The group has potential ordinary shares relating to the unexercised options in the group's equity-settled employee share option plan as set out in note 34.1.3. There was no dilutive impact from these options in the current year as the market price was below the option price. In addition, 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 in 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	2020	Restated* 2019
33.3	**Headline (loss) earnings per share (basic)**				
	(Loss) profit attributable to owners of Bell Equipment Limited	(R000)		**(64 292)**	66 800
	Net surplus on disposal of property, plant and equipment and intangible assets	(R000)	29	**(4 314)**	(1 544)
	Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R000)		**1 207**	389
	Impairment loss recognised on intangible assets	(R000)	9	**23 254**	-
	Taxation effect of impairment loss on intangible assets	(R000)		**(6 511)**	-
	Impairment loss recognised on revaluation of buildings	(R000)	7	**31 873**	1 085
	Taxation effect of impairment loss recognised on revaluation of buildings	(R000)		**(11 156)**	(380)
	Impairment loss recognised on plant and equipment	(R000)	7	**1 067**	-
	Taxation effect of impairment loss recognised on plant and equipment	(R000)		**(299)**	-
	Reclassification to profit or loss of foreign currency translation reserve relating to discontinued operations	(R000)	19	**-**	1 242
	Headline (loss) earnings	(R000)		**(29 171)**	67 592
	Weighted average number of shares in issue	(000)		**95 629**	95 629
	Headline (loss) earnings per share (basic)	(cents)		**(31)**	71

33. (LOSS) EARNINGS AND NET ASSET VALUE PER SHARE *continued*

			Notes	2020	Restated* 2019
33.4	**Headline (loss) earnings per share (diluted)**				
	Headline (loss) earnings as calculated in 33.3 above	(R000)		**(29 171)**	67 592
	Fully converted weighted average number of shares per 33.2 above	(000)		**98 604**	95 629
	Headline (loss) earnings per share (diluted)	**(cents)**		**(30)**	71

Headline earnings is calculated in accordance with *Circular 1/2019 Headline Earnings* issued by the South African Institute of Chartered Accountants.

			Notes	2020	Restated* 2019
33.5	**Net asset value per share**				
	Total capital and reserves	(R000)		**3 503 778**	3 386 813
	Number of shares in issue	(000)	18	**95 629**	95 629
	Net asset value per share	**(cents)**		**3 664**	3 542

* Refer to restatements of prior periods in note 5.

34. SHARE-BASED PAYMENT ARRANGEMENTS WITH EMPLOYEES

Accounting policy

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

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

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

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

34.1 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. Five million ordinary shares were reserved for this scheme. The option price was the thirty day volume weighted average of the closing market price of the share immediately preceding the grant date. The options are equity-settled, each year's allocation of options vests one third in each period after three years, five years and seven years respectively, after the date of grant and are forfeited on leaving the company. A retired or retrenched employee is entitled to exercise their options in full within twelve months after becoming a retired or retrenched employee. If not exercised within such period, the options lapse.

The maximum number of shares any employee may acquire in terms of this scheme is 200 000 shares. The options have a maximum contractual life of 10 years from the date of award.

Each employee share option converts into one ordinary share of Bell Equipment Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The board may from time to time, after giving due consideration to the purpose of the scheme, grant options to employees. The allocation is done according to a formula that recognises responsibility levels and is at the discretion of the chief executive and the board.

34.1.1 Share options granted

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

Grant date	Tranches	Initial number of options granted	Expiry date	Exercise price	Fair value at grant date
15 Feb 2010 *	Tranche 1	993 333	14 Feb 2020	R 10,48	R 5,39
15 Feb 2010 *	Tranche 2	993 333	14 Feb 2020	R 10,48	R 5,83
15 Feb 2010 *	Tranche 3	993 334	14 Feb 2020	R 10,48	R 6,18
15 Apr 2011	Tranche 1	510 000	14 Apr 2021	R 13,06	R 7,12
15 Apr 2011	Tranche 2	510 000	14 Apr 2021	R 13,06	R 7,71
15 Apr 2011	Tranche 3	510 000	14 Apr 2021	R 13,06	R 8,17
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

* Unexercised options from these tranches expired in February 2020. Refer to the reconciliation of outstanding options in note 34.1.3.

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

34.1 Equity-settled employee share option plan continued

34.1.2 Fair value of share options granted

The fair value of the share options was determined once-off at grant date and is expensed on a straight-line basis over the vesting period.

Grant date	Grant date 15 Feb 2010	Grant date 15 Apr 2011	Grant date 15 May 2012
The weighted average fair values of the equity-settled share options granted are:	R 5,80	R 7,67	R 13,17

Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model was adjusted based on management's best estimate of exercise restrictions and behavioural considerations. At the time of valuation, the expected volatility was based on the historical share price volatility over 10 years. For options granted on 15 May 2012, it was assumed that executives and senior employees would exercise the options after vesting date when the share price is 3,3 times the exercise price. For options granted on 15 February 2010 and 15 April 2011, an exercise multiple of 2,2 times was assumed.

Inputs into the model	Grant date 15 Feb 2010	Grant date 15 Apr 2011	Grant date 15 May 2012
Grant date share price	R 10,30	R 13,10	R 21,90
Exercise price of the option	R 10,48	R 13,06	R 21,35
Expected volatility of the share price	41,59%	45,26%	41,60%
Contractual life of the option	10 yrs	10 yrs	10 yrs
Dividend yield	0,79%	0,67%	0,57%
Risk-free interest rate for the life of the option	8,88%	8,42%	7,79%

34.1.3 Shares reserved and movement in share options for the year

	2020	2019
Total number of shares reserved for equity-settled share options	**5 000 000**	5 000 000
Less: number of share options exercised	**(655 385)**	(655 385)
Less: number of share options granted and vested, but not exercised	**(1 047 000)**	(2 181 604)
Number of shares reserved, but share options not granted or expired	**3 297 615**	2 163 011

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

	2020		2019	
	Number of options	**Weighted average exercise price R**	Number of options	Weighted average exercise price R
Balance at beginning of the year	**2 181 604**	**13,30**	2 357 272	13,28
Forfeited during the year	**(10 000)**	**21,35**	(139 500)	12,98
Expired during the year *	**(1 124 604)**	**10,48**	(36 168)	13,48
Balance at end of the year	**1 047 000**	**16,24**	2 181 604	13,30

* The options which expired in 2020 are in respect of unexercised options which were granted in February 2010 and which expired in February 2020 in terms of the scheme rules.

The share options outstanding at the end of the year under equity-settled share-based payments had a weighted average remaining contractual life of 0,7 years (2019: 0,9 years). The exercise prices on options are presented in note 34.1.1.

At year-end the number of options that had vested and that were exercisable was 1 047 000 (2019: 2 181 604).

No options were exercised during the year and therefore no weighted average share price relating to exercised options is reflected above.

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

34.2 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 will grant these awards in four equal, annual tranches on 1 January each year, starting in 2018, provided the executive is in the employment of the group on that date annually. In respect of the portion of the incentive related to the market price of the share, employees will acquire the cash equivalent of the growth in the share price. In respect of the portion of the incentive related to the HEPS and ROIC performance conditions, employees will receive the cash equivalent of the market value of the shares without any reduction by the strike price. The HEPS performance condition is that the annual compounded HEPS growth rate over the three, four and five year periods ending on the last day of the financial year-end of the group prior to the vesting date, must meet or exceed the HEPS growth rate of inflation plus 5%. The ROIC performance condition is based on operational returns in excess of the cost of capital, plus a margin. The total benefit paid to employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group.

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

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

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

34.2.1 Share awards granted

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

Grant date	Phantom share units with a strike price	Phantom share units with a strike price of zero	Phantom share units vesting January 2021	Phantom share units vesting January 2022	Phantom share units vesting January 2023	Phantom share units vesting January 2024	Phantom share units vesting January 2025	Exercise price
1 January 2018	1 007 000	566 000	524 000	524 000	525 000	-	-	R 13,53
1 January 2019	1 007 000	566 000	-	524 000	524 000	525 000	-	R 12,68
1 January 2020	1 007 000	566 000	-	-	524 000	524 000	525 000	R 8,88

No provision has been made for this cash-settled employee share award plan as it has been assessed that there is no liability at year-end.

Refer to the number of phantom share awards held by directors and prescribed officers in note 45.

35. 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 35.1.1 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 virtual certainty has not yet been established and 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 25.1.

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 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.

35.1 Contingent assets

35.1.1 Reimbursement right relating to standard warranty in respect of manufactured goods

	2020 R000	Restated* 2019 R000
Reimbursement right from component suppliers in respect of standard warranties where virtual certainty has not yet been established	**25 280**	22 290

* This contingent asset relates to the restatement of prior periods reflected in note 5.

35.2 Contingent liabilities

35.2.1 Cash-backed bond	**2020 R000**	2019 R000
A cash-backed bond of USD450,000 in favour of the Environmental Protection Agency in the United States of America is disclosed in note 11. The cash is restricted and the funds are repayable to the group at such time as the bond is no longer required by the Agency.	**6 609**	6 303

35.2.2 Third party warranties and indemnities

Warranties and indemnities limited to USD3 million have been provided relating to the sale of assets of the DRC operation in 2018.	**44 057**	42 023

36. CAPITAL EXPENDITURE COMMITMENTS

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

	2020 R000	2019 R000
Contracted	**8 262**	13 148
Authorised, but not contracted	**103 835**	60 830
Total capital expenditure commitments	**112 097**	73 978

This capital expenditure is to be financed from internal resources.

37. 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.

37.1 Operating lease receivables

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

	2020 R000	2019 R000
Equipment		
Less than one year	**76 487**	57 986
Between one and two years	**43 496**	4 470
Total operating lease receivables	**119 983**	62 456

38. 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 R104,1 million during the current year (2019: R99,7 million) and were charged to staff costs in profit or loss.

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

39. 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 forward foreign exchange contracts. The group's business model for each category is disclosed in notes 10, 11, 14, 16 and 17.

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 forward foreign exchange contracts. Refer to notes 21, 26, 27 and 39.2.

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

Categories of financial instruments	**2020 R000**	Restated* 2019 R000
Financial assets		
Financial assets at amortised cost		
- Interest-bearing receivables (including current portion)	**209 368**	232 148
- Trade and other receivables	**782 933**	808 527
- Cash and bank balances	**82 751**	91 163
Financial assets at fair value through other comprehensive income		
- Investments	**33 615**	25 790
Financial assets at fair value through profit or loss	**10 231**	6 759
Total financial assets	**1 118 898**	1 164 387
Financial liabilities		
Financial liabilities at amortised cost		
- Interest-bearing liabilities (including current portion)	**751 695**	1 273 704
- Trade and other payables	**787 206**	842 134
- Refund liabilities	**81 708**	16 785
- Bank overdrafts and borrowings on call	**481 392**	666 123
Financial liabilities at fair value through profit or loss	**14 476**	2 347
Total financial liabilities	**2 116 477**	2 801 093

* Refer to restatements of prior periods in note 5.

39. FINANCIAL INSTRUMENTS *continued*

Fair value of financial instruments
Financial assets at amortised cost
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 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
Trade and other payables, refund liabilities and bank overdrafts and borrowings on call are measured at amortised cost. The directors consider that the carrying amount of trade and other payables 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. The directors consider that the carrying amount of refund liabilities approximates their fair value based on the assessment of expected market values to be realised on machines and the related discount rate utilised to determine the present value of the liability.

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

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

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

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

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

In the normal course of its operations, the group is exposed to capital, liquidity, credit and market risks (foreign currency risk, interest rate risk and residual value risk). In order to manage these risks, the group may enter into transactions which make use of derivatives. They include 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.

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

The capital structure of the group consists of debt, which includes short-term and long-term borrowings as disclosed in note 21, cash and bank balances, all components of equity, comprising issued capital, reserves and non-controlling interest, as disclosed in notes 18 to 20, 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%.

39. FINANCIAL INSTRUMENTS *continued*

39.1 **Capital risk management** continued
Gearing ratio continued

	2020 R000	Restated* 2019 R000
The gearing ratio at the year-end was as follows:		
Short-term and long-term borrowings	**1 233 087**	1 939 827
Cash and bank balances	**(82 751)**	(91 163)
Net debt	**1 150 336**	1 848 664
Total equity	**3 503 778**	3 386 813
Attributable to owners of Bell Equipment Limited	**3 487 212**	3 377 380
Non-controlling interest	**16 566**	9 433
Debt-to-equity ratio (excluding cash and bank balances) (%)	**35,2**	57,3
Net debt-to-equity ratio (including cash and bank balances) (%)	**32,8**	54,6

* Refer to restatements of prior periods in note 5.

39.2 **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 2020 is as follows:

	Facilities 2020 R000	**Utilisation 2020 R000**	Facilities 2019 R000	Utilisation 2019 R000
General banking facilities	**1 037 108**	**481 392**	1 018 645	666 123

Bank overdrafts and borrowings on call are measured at amortised cost. 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.

The utilisation at 31 December 2020 on facilities made available by the Industrial Development Corporation of South Africa is as follows:

Industrial Development Corporation of South Africa (IDC)	**Facilities 2020 R000**	**Utilisation 2020 R000**	**Interest accrued 2020 R000**	Facilities 2019 R000	Utilisation 2019 R000	Interest accrued 2019 R000
Trade finance and interest accrued	**750 000**	**429 945**	**3 685**	750 000	746 100	21 715

Subsequent to year end the IDC facility was reduced from R750 million to R550 million and the terminal drawdown date was extended from 31 March 2021 to 31 December 2021. The facility is fully repayable within 6 months of the terminal drawdown date, unless a renewal of the facility is negotiated.

The new facility agreement was signed in April 2021 and reflects the following financial covenants, measured at a group level, which will apply from 2021:
- Ratio of total shareholders' interests to total assets: minimum of 35%
- Debt service cover ratio: no less than 1,2 times

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 or pay directors fees and salaries exceeding R50 million in the financial year ended 31 December 2022 (which salary limit may thereafter be increased at CPI per year), if:

the making of such payments would result in the ratio of shareholders' interest to total assets being reduced below 40% and the debt service cover ratio being less than 1,5 times.

BECSA's loan from the company of R88 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.

39. FINANCIAL INSTRUMENTS *continued*

39.2 Liquidity risk continued

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	Less than one year R000	One to two years R000	Two to three years R000	More than three years R000	Total R000
2020					
Secured interest-bearing liabilities	**116 873**	**33 948**	**33 100**	**144 774**	**328 695**
Unsecured interest-bearing liabilities	**451 886**	**1 200**	**-**	**-**	**453 086**
Trade and other payables	**787 206**	**-**	**-**	**-**	**787 206**
Refund liabilities	**34 825**	**18 035**	**18 035**	**18 035**	**88 930**
Bank overdrafts and borrowings on call	**481 392**	**-**	**-**	**-**	**481 392**
Total	**1 872 182**	**53 183**	**51 135**	**162 809**	**2 139 309**
2019					
Secured interest-bearing liabilities *	230 578	68 621	25 272	154 877	479 348
Unsecured interest-bearing liabilities	791 799	-	-	-	791 799
Trade and other payables **	842 134	-	-	-	842 134
Refund liabilities ***	16 785	-	-	-	16 785
Bank overdrafts and borrowings on call	666 123	-	-	-	666 123
Total	2 547 419	68 621	25 272	154 877	2 796 189

* In the prior year the secured interest-bearing liabilities was incorrectly disclosed as R1 276,1 million as a result of including certain unsecured interest-bearing liabilities as part of secured interest-bearing liabilities.

** Refer to restatements of prior periods in note 5.

*** Refer to reclassifications of prior periods in note 5.

The following outlines the group's maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross cash inflows/(outflows) on the derivative instruments that settle on a gross basis.

Derivative financial instruments	2020 R000	2019 R000
Less than 1 year		
Gross settled forward foreign exchange contracts - imports	**(279 571)**	(44 214)
Gross settled forward foreign exchange contracts - exports	**132 290**	60 819
Total	**(147 281)**	16 605

39.3 Credit risk

Credit risk arises when a counterparty defaults on its contractual obligations resulting in a financial loss to the group. Credit risk consists mainly of short-term cash deposits, interest-bearing receivables, trade receivables and the credit risk exposure described in note 24.3 and note 44. The group only deposits short-term cash with approved financial institutions.

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

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

The group's internal credit risk rating grades are based on the historic performance of financial assets and are categorised into fully performing receivables and past due receivables. Fully performing receivables are those customers that are within credit terms. Customers are in default when the debt is past due.

39. FINANCIAL INSTRUMENTS *continued*

39.3 Credit risk continued

In the case of customer default the value of the repossessed equipment may not cover the outstanding receivable amount. The group's credit committee actively monitors credit, collections and the economic, political and industry conditions in each market. In addition, credit enhancements such as deposits, personal guarantees, liens on other property owned by the customer may be required at the time of origination or when there are signs of impairment.

Where industry factors or the economic environment impacts the customer's ability to service their debt, the group may renegotiate debt arrangements with customers where the customer's default was due to temporary circumstances and where there has not been an adverse 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 and for any change in the financial condition of the customer.

When the value outstanding from the customer is material and this is combined with a change in the economic circumstances of the customer, such as a loss of contract or a change in the industry in which the customer operates, or when customers have failed to fulfil their obligations when they became due and where no specific arrangement has been made to rectify the position or where a commitment to bring the account within terms has not been met, then this will be considered to be a high risk. Significant overdue customer balances are handed over to attorneys for legal collection. A customer balance is considered credit-impaired and will be written off in full once legal means of recovery has failed and it is believed that the likelihood of recovery is remote. Indicators that the likelihood of recovery is remote includes, amongst others, the liquidation of a debtor. Except in limited circumstances, the group continues to engage in recovery activities even after write off in order to recover amounts due to the group.

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

With the exception of the credit risk disclosed in note 24.3, 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 2020, the group does not consider there to be any material credit risk that has not been adequately provided for.

Credit risk concentration

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

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

Analysis of credit risk

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

	BESSA		GROUP (including BESSA)	
Finance leases *	**2020 R000**	2019 R000	**2020 R000**	2019 R000
Fully performing receivables	**4 848**	17 212	**4 848**	17 212
Gross	**4 848**	17 212	**4 848**	17 212
Less: allowance for expected credit losses	**-**	-	**-**	-
Past due receivables	**1 655**	-	**1 655**	-
Gross	**1 655**	-	**1 655**	-
Less: allowance for expected credit losses	**-**	-	**-**	-
Balance at end of the period	**6 503**	**17 212**	**6 503**	**17 212**

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

The average credit period on the above finance leases receivable balances is 28 months to 41 months. The finance leases are largely secured by the financed equipment.

Based on the impairment considerations, taking into account forward-looking information and recoverability, no allowance for expected credit losses was raised against finance leases reflected above of R6,5 million (2019: R17,2 million) for the group and R6,5 million (2019: R17,2 million) for BESSA, as the amounts are still considered recoverable and there has not been a significant change in credit quality. Refer to the impairment considerations in note 41.2.

39. FINANCIAL INSTRUMENTS *continued*

39.3 Credit risk continued

Analysis of credit risk continued

	BESSA		GROUP (including BESSA)	
Instalment sale agreements *	**2020 R000**	2019 R000	**2020 R000**	2019 R000
Fully performing receivables	**129 002**	107 503	**129 002**	107 503
Gross	**129 002**	107 503	**129 002**	107 503
Less: allowance for expected credit losses	**-**	-	**-**	-
Past due receivables	**7**	4 549	**7**	4 549
Gross	**413**	4 549	**413**	4 549
Less: allowance for expected credit losses	**(406)**	-	**(406)**	-
Balance at end of the period	**129 009**	**112 052**	**129 009**	**112 052**

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

The average credit period on the above instalment sale receivable balances is 9 to 40 months. The instalment sale agreements are largely secured by the financed equipment.

An allowance for expected credit losses of R0,4 million (2019: Rnil) was raised against instalment sale receivables reflected above of R129,0 million (2019: R112,1 million) for the group and R129,0 million (2019: R112,1 million) for BESSA. The remainder of the instalment sale receivables is still considered recoverable and there has not been a significant change in credit quality. Refer to the impairment considerations in note 41.2.

	BESSA		GROUP (including BESSA)	
Trade receivables **	**2020 R000**	2019 R000	**2020 R000**	2019 R000
Fully performing receivables	**144 971**	129 322	**505 348**	587 854
Gross	**144 971**	129 322	**505 702**	587 895
Less: allowance for expected credit losses	**-**	-	**(354)**	(41)
Past due receivables	**35 126**	14 636	**185 714**	99 236
Gross	**55 714**	34 122	**219 964**	158 291
Less: allowance for expected credit losses	**(20 588)**	(19 486)	**(34 250)**	(59 055)
Balance at end of the period	**180 097**	**143 958**	**691 062**	**687 090**

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

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

An allowance for expected credit losses of R34,6 million (2019: R59,1 million) was raised against trade receivables reflected above of R725,7 million (2019: R746,2 million) for the group.

An allowance for expected credit losses of R20,6 million (2019: R19,5 million) was raised against trade receivables reflected above of R200,7 million (2019: R163,4 million) for BESSA.

39. FINANCIAL INSTRUMENTS *continued*

39.3 Credit risk continued
Analysis of credit risk continued

Movement in the allowance for expected credit losses on finance leases, instalment sale agreements and trade receivables	BESSA 2020 R000	BESSA 2019 R000	GROUP (including BESSA) 2020 R000	GROUP (including BESSA) 2019 R000
Balance at beginning of the year	**19 486**	19 986	**59 096**	70 235
Translation differences	**-**	-	**4 973**	(649)
Net increase (decrease) in allowance for expected credit losses	**1 508**	(500)	**(29 059)**	(10 490)
Amounts considered credit-impaired and written off	**(190)**	(15 924)	**(31 732)**	(22 675)
Increase in allowance for expected credit losses, based on lifetime expected credit losses	**1 698**	20 219	**2 618**	20 382
Decrease in allowance due to cash flows from past due receivables	**-**	(4 795)	**(258)**	(8 231)
Increase in allowance on fully performing receivables, based on lifetime expected credit losses	**-**	-	**313**	34
Balance at end of the year	**20 994**	19 486	**35 010**	59 096

Amounts outstanding from customers to WesBank under Bell-backed deals (refer to note 24.3.1), included an amount of R3,0 million (2019: R3,1 million) which was past due. A R4,3 million allowance for expected credit losses (2019: R2,0 million) was recognised against the group's cash collateral included under interest-bearing receivables (refer to note 11).

In terms of the group's shared risk arrangements with WesBank and other institutions, a R0,9 million refund liability (2019: Rnil) was recognised under these arrangements.

39.4 Market risk
The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and residual value 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.

39.4.1 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 2020 are listed below. These contracts will be utilised during the next six months. These contracts have been fair valued at the year-end as follows:

	Foreign amount 000	Rate R	Market value in Rands R000	Fair value gain (loss) R000
2020				
Import contracts				
British Pound	**497**	**20,42**	**10 012**	**(147)**
Euro	**6 735**	**18,27**	**122 021**	**(1 009)**
Japanese Yen	**414 505**	**6,52**	**59 391**	**(4 160)**
United States Dollar	**5 208**	**15,90**	**76 742**	**(6 089)**
Export contracts				
Euro	**4 482**	**18,97**	**81 182**	**3 842**
United States Dollar	**3 044**	**15,53**	**44 840**	**2 427**
2019				
Import contracts				
Japanese Yen	322 531	7,29	41 926	(2 288)
Export contracts				
Euro	3 344	16,58	52 919	2 532
United States Dollar	360	14,89	5 070	298

39. FINANCIAL INSTRUMENTS *continued*

39.4 Market risk continued

39.4.1 Currency risk continued

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

	Euro R000	United States Dollar R000	British Pound R000	Other currencies R000
2020				
Financial assets				
Financial assets at amortised cost				
- Interest-bearing receivables (including current portion)	**-**	**30 542**	**-**	**-**
- Trade and other receivables	**228 542**	**158 083**	**16 862**	**1 143**
- Cash and bank balances	**36 692**	**17 174**	**2 372**	**648**
Financial assets at fair value through other comprehensive income				
- Investments	**-**	**33 615**	**-**	**-**
Financial assets at fair value through profit or loss	**7 804**	**2 427**	**-**	**-**
Financial liabilities				
Financial liabilities at amortised cost				
- Interest-bearing liabilities (including current portion)	**219 179**	**4 458**	**-**	**387**
- Trade and other payables	**141 095**	**76 767**	**39 423**	**88 567**
- Refund liabilities	**72 411**	**-**	**-**	**-**
- Bank overdrafts and borrowings on call	**73 057**	**16 663**	**10 387**	**-**
Financial liabilities at fair value through profit or loss	**1 009**	**6 796**	**892**	**5 779**
2019				
Financial assets				
Financial assets at amortised cost				
- Interest-bearing receivables (including current portion)	-	47 011	-	-
- Trade and other receivables	322 905	145 102	26 035	1 041
- Cash and bank balances	56 599	25 280	1 771	413
Financial assets at fair value through other comprehensive income				
- Investments	-	25 790	-	-
Financial assets at fair value through profit or loss	4 528	2 231	-	-
Financial liabilities				
Financial liabilities at amortised cost				
- Interest-bearing liabilities (including current portion)	258 240	7 769	-	416
- Trade and other payables *	250 618	99 703	76 046	221 343
- Bank overdrafts and borrowings on call	150 455	42 460	3 879	-
Financial liabilities at fair value through profit or loss	-	60	-	2 287

* Refer to reclassifications of prior periods in note 5.

The group is mainly exposed to the United States Dollar and the Euro. The analysis below details the group's sensitivity to a 20% 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 20% change in foreign currency rates. A 20% strengthening or weakening in the South African Rand represents management's assessment of the reasonably possible change in foreign exchange rates.

For a 20% weakening in the South African Rand against major currencies and if all other variables were held constant, the group's:

- loss before taxation for the year ended 31 December 2020 would have decreased by R60,6 million (2019: increase in profit before taxation R38,7 million); and
- other equity at year-end would have decreased by R40,6 million (2019: R58,8 million decrease).

For a 20% strengthening, there would have been an equal and opposite impact on the profit before taxation and other equity.

39. FINANCIAL INSTRUMENTS *continued*

39.4 Market risk continued

39.4.2 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 2020, is as follows:

		Net overdraft and call balances	Trade finance	Long-term borrowings	Long-term borrowings	Total borrowings
2020						
Borrowings	(R000)	**398 641**	**433 630**	**219 566**	**98 499**	**1 150 336**
Rate profile		**Floating**	**Floating**	**Fixed**	**Floating**	
% of total borrowings		**35**	**38**	**19**	**8**	
2019						
Borrowings	(R000)	574 960	767 815	211 985	293 904	1 848 664
Rate profile		Floating	Floating	Fixed	Floating	
% of total borrowings		31	42	11	16	

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:
- loss before taxation for the year ended 31 December 2020 would have increased by R9,3 million (2019: decrease in profit before taxation R16,4 million)
- loss after taxation would have increased and equity would have decreased for the year ended 31 December 2020 by R6,7 million (2019: decrease in profit after taxation and equity R11,8 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.

39.4.3 Residual value risk

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

Residual value risks are the risks that the assessed market value of the equipment is less than what was expected when the contracts were entered into. Refer to notes 28.1.6 and 24.1 for information on the various transaction types entered into by the group.

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

39. FINANCIAL INSTRUMENTS *continued*

39.5 Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

During the year, the group discounted certain finance lease receivables and 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 21.2.

The carrying amounts of the transferred assets and associated liabilities of finance lease receivables are presented below:

	2020 R000	2019 R000
Finance lease receivables (refer to note 11)	**6 503**	17 212
Collateralised borrowings (refer to note 21.2)	**(4 691)**	(17 947)
Net position	**1 812**	(735)

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

	2020 R000	2019 R000
Instalment sale receivables (refer to note 11)	**66 598**	63 535
Collateralised borrowings (refer to note 21.2)	**(41 034)**	(61 492)
Net position *	**25 564**	2 043

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

* In the current year instalment sale agreements with certain customers were renegotiated where payment terms were extended to provide relief during the COVID-19 pandemic.

40. 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:

	2020 R000	2019 R000
Shareholders		
John Deere Construction and Forestry Company		
- sales	**15 536**	20 075
- purchases	**334 575**	507 721
- royalties paid	**3 124**	7 220
- warranty claims paid	**3 851**	2 868
- interest paid	**7**	52
- computer licence fees, training and related expenses	**497**	1 348
- amounts owing to - trade and other payables	**89 402**	68 899
- amounts owing by - trade and other receivables	**4 921**	3 834
Directors and group executive committee members who are BBBEE shareholders *		
A Goordeen		
- interest received	**87**	-
- amounts owing by **	**987**	-
D Chinnappen		
- interest received	**87**	-
- amounts owing by **	**987**	-
D Mashika		
- interest received	**87**	-
- amounts owing by **	**987**	-

* Details of the BBBEE ownership transaction concluded in December 2019 are included in note 20.2.

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

Enterprises in which directors have a controlling interest	**2020 R000**	2019 R000
BAC Maintenance Proprietary Limited		
- aircraft repairs, maintenance and related expenses	**41**	65
- capital expenditure	**2 279**	-

40. RELATED PARTY TRANSACTIONS *continued*

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 specific allowance for expected credit losses has been recognised in the current period (2019: 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.

In determining the specific allowance for expected credit losses the same assumptions were applied as with trade and interest-bearing receivables as reflected in note 14. All amounts relate to parties that have a long-standing history with the group and there has been no defaults on payments.

Compensation of key management personnel
The remuneration of executive directors and prescribed officers is reflected in note 45.

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

41. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 the market capitalisation and net asset value of the group were R0,6 billion and R3,5 billion respectively. This is an indicator of possible impairment in terms of IAS 36. In addition, the impact of COVID-19 is also an indicator of possible impairment.

Consequently, the following steps were followed to assess assets for impairment:
1. The identification of the group's cash generating units was reviewed and confirmed.
2. Discounted cash flow valuation principles were applied in assessing the expected future cash flows pertaining to assets in the main cash generating unit of the group, which encompasses the manufacturing, logistics and dealer sales operations.
3. The key assumptions used in the valuations performed on the operations comprising the main cash generating unit were financial forecasts, cash flow projections, terminal growth rates and discount rates. 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.
4. The assets in each of the remaining group operations were assessed for indicators of impairment.

Key inputs into the valuations performed on the operations comprising the main cash generating unit of the group were as follows:
- financial forecasts, the key input to which is the sales volumes forecast by market.
- discount rates and terminal growth rates of the operations as described below:

	Weighted Average Cost of Capital		
	Low %	High %	Terminal growth rate %
Manufacturing operations			
- BECSA	13,5	14,8	4,5
- Kindel	5,8	6,3	2,0
Logistics operations			
- Alsfeld	6,0	6,6	2,0
- Bell Equipment North America Inc. (BENA)	8,0	8,7	2,0
OEM			
- BEGS	15,4	16,7	4,5

In respect of the discount rates, key inputs into the cost of equity and after tax cost of debt were:
- Small stock premium - considerations were the diversification of the group that operates across a number of jurisdictions with a diversified customer base, the substantial market share in South Africa, the governance in place being a listed entity, and the level of gearing. A small stock premium of 0% was applied and model sensitivity was tested at a premium of 1%.
- Risk free rate - nominal risk free rates were applied as follows:
  - BECSA and BEGS - 8,73% based on the yield of the R2030 South African Government bond as at year end;
  - Kindel and Alsfeld - 0,19% based on the average yield on various long term Euro denominated German Government bonds at year end;
  - BENA - 1,45% based on the yield on the US 20 year treasury bonds at year end.
- Market risk premium - a market risk premium of 6,5% was used for all entities. The US and European market risk premiums were increased by 50 basis points to compensate for the unusually low risk free rates in these markets.
- Beta co-efficient for BECSA and BEGS of 1,08, for BENA of 1,09 and for Kindel and Alsfeld of 1,07 were used.
- Company specific risk premiums, taking into consideration the business models and risks of the businesses, of in the range of minus 5% to 5% for BECSA and Kindel, in the range of 10% to 20% for BEGS and BENA and in the range of 0% to 10% for Alsfeld, were applied.
- Cost of debt - a credit spread of 2%, taking into account the actual cost of external borrowings as well as market comparators, was added to the respective risk free rates.
- A capital structure of 80% equity and 20% debt was assumed.
- The prevailing corporate tax rates in the respective jurisdictions were used.

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

The recoverable amount of the cash generating unit was determined as R2,2 billion.

No impairment losses relating to specific cash generating units were identified from this review.

41. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 *continued*

Further considerations given to impairment of assets are set out below.

41.1 Inventory

The group conducted a detailed assessment of the valuation of inventory at 31 December 2020. All inventory is valued at the lower of cost and net realisable value. Included in cost of sales in the current year is an amount of R111,0 million (2019: R77,9 million) in respect of write-downs of inventory.

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

- inventory was categorised by type (new equipment, used equipment and parts by product), ageing and market into which the inventory is expected to be sold.
- the impact on net realisable value of inventory as a result of lower than expected sales and reduced movement in certain categories of inventory.
- the impact of exchange rates on net realisable values of certain categories of equipment in certain markets.

41.2 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. The group measures the allowance for expected credit losses by assessing each customer balance for a specific allowance for expected credit losses and, for balances where no specific allowance was raised, a general allowance for expected credit losses is calculated based on a collective assessment. There has been no change to this approach during the current period. Management considered the likely impact of the current weak economic and market conditions on the expected loss rates for receivables and concluded that no significant increase in the allowance on a portfolio basis is required. Steps and considerations taken by management as part of the forward-looking assessment to determine if the expected credit losses were negatively affected by current conditions included the following:

- The market prices being realised and expected to be realised for capital equipment in the South African market.
- The impact of the weaker Rand on the selling prices of capital equipment in South Africa.
- 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.

At 31 December 2020, an amount of approximately R66,6 million included in interest-bearing receivables was outstanding from a single customer in South Africa. The balance was renegotiated and the repayment terms have been extended during the year and no allowance for expected credit loss was raised against this receivable as management assessed that there is sufficient value in the financed machines to cover the outstanding debt.

41.3 Property, plant and equipment

In the current year the group recognised an impairment loss of R31,9 million (2019: R1,2 million) on the revaluation of land and buildings in Kitwe, Zambia. This relates to a recently constructed customer service centre in Zambia and the impairment is the result of the current market and economic conditions in that country. The book value of the property was adjusted. A loss of R31,9 million (2019: R1,2 million) was recognised on the buildings and charged to profit or loss as there was no revaluation reserve in respect of this. A loss of R0,1 million (2019: R0,1 million) was recognised on the freehold land and was debited to the revaluation reserve through other comprehensive income. The impairment loss is included in the Rest of Africa segment.

All of the group's businesses are operational and management does not anticipate that the effects of the pandemic and generally weak conditions will have a lasting impact on the productivity of property, plant and equipment. Sales and production volumes are expected to return to normal trading levels in the medium term and the group's longer-term plans and forecasts remain largely unchanged. The group plans to use its assets to support revenue generating activities and no significant lasting impact on the planned productivity of these assets is envisaged. No further impairment of these assets was therefore considered necessary.

41.4 Intangible assets

As a result of cost containment measures and the decision to focus on fewer, key development projects, a review was conducted of capitalised engineering development costs and projects to the value of R23,3 million (2019: Rnil) were discontinued and impaired. The impairment was recognised in the statement of profit or loss. The impairment loss is included in the South African manufacturing and logistics segment.

41. IMPAIRMENT CONSIDERATIONS AND IMPACT ON THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 *continued*

41.5 Directors' assessment of going concern

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 2020, 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.

The group's net debt at 31 December 2020 has improved since 2019 to approximately R1,2 billion (31 December 2019: R1,8 billion). Subsequent to year end the IDC working capital facility reduced from R750 million to R550 million. This facility reduction has been taken into consideration in the cash flow forecasts referred to above. The group's lenders continue to support the business.

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

The board will continue to monitor the impact of the pandemic and the resulting weak economic and market conditions on the group's operations and its financial position. The focus will remain on cash preservation and working capital management.

42. SUBSEQUENT EVENTS

42.1 Change in South African corporate tax rate

On 24 February 2021 the Finance Minister announced a reduction in the South African corporate tax rate on companies from 28% to 27% effective for years of assessment commencing on or after 1 April 2022. Management has calculated an impact of approximately R5,3 million for the group and concluded that it is not significant.

42.2 Finalisation of John Deere arrangement, JCB construction equipment distribution agreement and non-binding expression of interest by IA Bell & Company

From March 2021 Bell transitioned to a non-exclusive John Deere dealer arrangement to allow John Deere to engage with and start appointing additional dealers. The group will continue to distribute John Deere products until January 2023 and will provide aftermarket, technical and product support to customers for a further 10 years thereafter.

Post the financial year end, the group has been appointed as the distributor for the full range of JCB construction products in South Africa effective 1 May 2021. This change presents an exciting and important opportunity to reinvigorate the product lines affected by the changes in relationship with John Deere, as well as additional products, and will enable the group to be better positioned as a full line distributor in this important market. JCB is the world's third largest construction equipment brand by volume and has a rich history in South Africa spanning more than 40 years.

In addition to changes to the group's strategic partnership with John Deere, in early November 2020 the company was notified by IA Bell & Company, a 38,7% shareholder in the company, that it had entered into a formal binding agreement to acquire John Deere's 31,37% shareholding in the company, conditional on the fulfilment of certain conditions precedent.

On 9 March 2021, the company received notification of a non-binding expression of interest from IA Bell & Company in respect of a possible transaction to acquire the entire issued ordinary share capital of Bell Equipment Limited not already held by or to be acquired by IA Bell & Company if the John Deere transaction outlined above is implemented, by way of a scheme of arrangement in terms of section 114 of the Companies Act, subject to the fulfilment of certain conditions precedent, and further subject to the John Deere transaction becoming unconditional and being implemented.

In regard to these two possible transactions shareholders are referred to the company's relevant announcements published on SENS.

Shareholders will be informed if and when the company receives a binding firm intention offer from IA Bell & Company to acquire the entire issued ordinary share capital of the company, and the company will continue to comply with the JSE Listings Requirements and will comply with the Takeover Regulation Panel requirements, to the extent applicable, in this regard.

No other fact or circumstance material to the appreciation of these financial statements has occurred between 31 December 2020 and the date of this report.

43. 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.

Control is achieved when the company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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) (see note 20.1). The activities of this entity are predetermined and it is 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 the BESSA BEE SPV's 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 New BEE transaction described in note 20.2 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 20.2). BEE Manco is subject to a 10 year lock-in period during which they 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 BESSA (see note 20.1.2) 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 New BEE transaction described in note 20.2 of the financial statements.

Control over WesBank financing venture
Management applied judgement and has used the guidance in IFRS 11 and IFRS 10 in assessing whether the group has a controlling interest in the WesBank financing venture. Consideration is given to the terms of the agreement and the group's decision making rights with regards to the relevant activities of the financing venture. Although the group is entitled to a share of the profits from transactions financed through the financing venture, management concludes that the group does not control the relevant activities. The relevant activities as controlled by WesBank and further details regarding the arrangement are described in note 44. The group's profit share is accounted for as other operating income and the group's cash collateral invested in the financing venture is recognised as interest-bearing receivables in the statement of financial position (refer to note 11).

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.

43. COMPOSITION OF THE GROUP *continued*

43.1 Information about the composition of the group

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

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

Subsidiaries	Business type	Principal activity
Southern Africa		
BECSA Holdings Limited	H	H
- amounts owing by - cumulative redeemable preference shares		
Bell Equipment Company SA Proprietary Limited	O	M
- amounts owing by - non-interest-bearing loan		
- amounts owing by - cumulative redeemable preference shares		
- amounts owing by - trade and other receivables		
Bell Equipment Group Services Proprietary Limited	O	G
- amounts owing by - non-interest-bearing loan		
- amounts owing by - trade and other receivables		
Bell Equipment Sales South Africa Limited	O	S
- amounts owing by - cumulative redeemable preference shares		
- amounts owing by - non-interest-bearing loan		
- amounts owing by - trade and other receivables		
Bell Equipment SA Holdings Limited	H	H
- amounts owing by - cumulative redeemable preference shares		
I A Bell Equipment Company (Namibia) (Proprietary) Limited	D	D
Bell Equipment Company (Swaziland) (Proprietary) Limited	O	S
K2017044733 (South Africa) (RF) Proprietary Limited	O	B
Bell Equipment Foundation	O	T
Bell Equipment Properties SA Proprietary Limited	O	P
K2019577563 (South Africa) (RF) Proprietary Limited	O	B
Other Africa		
Bell Equipment Zambia Limited	O	S
Bell PTA (Private) Limited	O	S
Bell Equipment (Malawi) Limited	R	R
Bell Equipment Mozambique Limitada	R	R
Bell Equipment DRC SARLU	D	D
Europe		
Bell Equipment International SA	H	H
Bell International Finance Limited	I	I
Bell Euro Finance Limited	I	I
Bell France SAS	O	S
Bell Equipment UK Limited	O	S
Bell Equipment (Deutschland) GmbH	O	A
Bell Equipment Russland LLC	O	S
United States of America		
Bell Equipment North America Inc	O	S
Australasia		
Bell Equipment Australia Pty Ltd	O	S
Interest in subsidiary companies		

A	Assembly 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
R	Deregistered
S	Sales operation
T	BBBEE Trust

				Interest of Bell Equipment Limited			
Non-controlling interest holding 2020 %	Non-controlling interest holding 2019 %	Profit (loss) for the year 2020 R000	Profit (loss) for the year 2019 R000	Book value of shares 2020 R000	Book value of shares 2019 R000	Amounts owing by (to) 2020 R000	Amounts owing by (to) 2019 R000
-	-	1 509	-	-	-		
						369 456	-
-	-	47 010	34 995	-	22 827		
						75 653	50 072
						857 082	-
						672	-
-	-	(217 779)	-	855 005	-		
						653	-
						23 088	-
23	23	31 703	(64 608)	-	34 257		
						275 000	275 000
						-	20 862
						3 309	2 186
-	-	(649)	-	7 000	-		
						85 503	-
-	-	1 473	(4 661)	43 812	43 812	(506)	(25 118)
-	-	(718)	(839)	3 624	-	7 878	7 457
-	-	1 100	(22)	-	-	10	-
-	-	125	(288)	-	-	456	458
-	-	16 282	4 073	206 900	-	(90)	-
-	-	132	-	-	-	-	-
-	-	(24 223)	21 169	-	-	-	586
-	-	1 827	2 218	-	-	-	-
-	-	-	(69)	-	-	-	-
-	-	-	909	-	-	-	-
-	-	1 267	2 659	-	-	-	-
-	-	3 140	9 850	613 998	615 915	-	-
-	-	3 246	2 203	-	-	-	-
-	-	9 797	6 299	-	-	-	-
-	-	2 718	6 795	-	-	-	-
-	-	(7 001)	3 705	-	-	-	-
-	-	(13 376)	21 908	-	-	-	-
-	-	6 536	9 855	-	-	-	-
-	-	15 131	15 777	-	-	(609)	-
-	-	1 329	307	-	-	-	-
				1 730 339	716 811	1 697 555	331 503

43. COMPOSITION OF THE GROUP *continued*

43.2 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 20.1 and 20.2. BESSA's principal place of business is South Africa.

Summarised financial information about BESSA is presented below and represents amounts before intra-group eliminations:	2020 R000	Restated* 2019 R000
Non-current assets	**559 292**	471 916
Current assets	**1 160 745**	1 534 607
Non-current liabilities	**766 790**	709 505
Current liabilities	**879 619**	1 250 830
Revenue	**2 947 823**	3 122 272
Profit (loss) for the year	**31 939**	(67 763)
Total comprehensive income (loss) for the year	**31 939**	(67 763)

* Refer to restatements of prior periods in note 5.

In 2019, the group entered into a BBBEE ownership transaction with effect from 1 January 2020 relating to Bell Equipment Company SA Proprietary Limited (BECSA). Details of the transaction are disclosed in note 20.2. BECSA's principal place of business is South Africa.

Summarised financial information about BECSA is presented below and represents amounts before intra-group eliminations:	2020 R000
Non-current assets	**299 743**
Current assets	**2 182 415**
Non-current liabilities	**1 117 954**
Current liabilities	**1 264 957**
Revenue	**3 237 098**
Profit for the year	**47 010**
Total comprehensive income for the year	**47 010**

No comparative information has been disclosed for BECSA as the BBBEE ownership transaction was effective from 1 January 2020. Refer to note 20.2.

43.3 Significant restrictions

Certain restrictions imposed by the banks and the IDC are reflected in note 39.2.

Except for the limitations of exchange control regulations and availability of currency in the local markets in which certain group companies operate, there are no other significant restrictions on cash transfers and capital distributions to and from group companies.

44. FINANCING VENTURE WITH WESBANK

Accounting policy

The group has a financing venture with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group. The group's credit backing enables the customer to obtain financing from WesBank and provides no interest benefit to the customer. For the group's assessment of control over the financing venture, refer to note 43.

The group's revenue recognition policy for transactions that have been financed through the WesBank financing venture is described in note 28.1.5 and the group's credit risk exposure arising from these transactions is disclosed in note 24.3.1.

	2020 R000	2019 R000
In terms of the agreement with WesBank, the group is entitled to a share of the profits from transactions financed through the financing venture. The group's profit share for the year included in other operating income amounted to	**546**	775
The following categories of financing are provided for in the arrangement:		
- transactions where the risks and rewards are for WesBank. All credit applications are subject to approval by WesBank in its sole discretion. The group carries no credit risk on these transactions.		
- specific transactions where the risks and rewards are for the group (Bell-backed deals). These transactions are credit applications that have initially been declined by WesBank but based on the group's backing are financed through the financing venture. Where the group carries all the credit risk, the group is liable for the full balance due to WesBank by default customers. The net credit risk is reflected in note 24.3.1. The group is required to invest an amount with WesBank equal to 25% of the value of the financing provided by WesBank to customers as collateral in respect of these transactions. This investment, which earns interest at the cost of capital of the financing venture, is reflected as interest-bearing receivables on the statement of financial position (refer to note 11). The cash investment is adjusted for anticipated credit losses through the use of an allowance account. The carrying amount of this cash collateral at year-end was	**39 367**	55 873
- specific transactions for which WesBank requires support (Bell-shared risk deals), either due to the credit risk profile of the customer or the specific structuring of the financing deal. In respect of these shared risk deals with WesBank, the group is at risk for a portion of the balance due to WesBank by default customers. Applications from customers are categorised into WesBank's risk grading system, by WesBank in its sole discretion, with the risk category determining the level of risk shared by the group. No collateral investment is required by the group to support these transactions. The risk of customer default described above is reflected in note 24.3.1.		

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

Capital funding for the venture is provided by WesBank and the group's investment is limited to the 25% cash collateral paid on Bell-backed deals (refer above). WesBank is responsible for ensuring that sufficient capital is made available.

WesBank determines the credit pricing of all approved deals for all categories of financing provided. The financial assets within the financing venture are managed by WesBank and the financing venture is dependent on WesBank for critical services such as finance and credit expertise.

An advisory management board, represented by both WesBank and the group, facilitates the interaction between WesBank and the group. This board acts in an advisory capacity only and neither party is bound by its recommendations.

The group is responsible for promoting financing of equipment through this financing venture and for assisting with the market strategy.

The group's maximum exposure to loss is reflected in note 24.3.1.

45. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

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

Executive directors	Salary R000	Pension/ Provident fund R000	Other benefits and allowances R000	2020 Total R000	2019 Total R000
L Goosen	**3 728**	**529**	**299**	**4 556**	4 485
KJ van Haght	**2 588**	**364**	**47**	**2 999**	3 086
AJ Bell (appointed 1 February 2019, resigned 30 November 2019)	**-**	**-**	**-**	**-**	1 341
Total	**6 316**	**893**	**346**	**7 555**	8 912

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

Prescribed officers	Salary R000	Pension/ Provident fund R000	Other benefits and allowances R000	2020 Total R000	2019 Total R000
A Goordeen	**2 186**	**315**	**122**	**2 623**	2 718
N Paynter (expatriate salary)	**4 738**	**398**	**1 461**	**6 597**	5 693
DB Chinnappen	**2 220**	**315**	**167**	**2 702**	2 624
SR Jones	**2 243**	**315**	**38**	**2 596**	2 625
DN Mashika	**2 057**	**316**	**845**	**3 218**	2 628
A Mayer (expatriate salary) *	**3 952**	**337**	**1 513**	**5 802**	6 141
DE Morris	**2 529**	**357**	**48**	**2 934**	3 029
HW van der Walt (resigned 30 November 2020)	**1 946**	**288**	**336**	**2 570**	2 660
JJ van Wyngaardt	**1 954**	**284**	**106**	**2 344**	2 383
D McIlrath	**1 444**	**200**	**3**	**1 647**	1 698
Total	**25 269**	**3 125**	**4 639**	**33 033**	32 199

* *In the prior year the prescribed officer's total remuneration was incorrectly disclosed as R8,164 million.*

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:

Non-executive directors	2020 Fees R000	2019 Fees R000
JR Barton	**919**	826
AJ Bell	**497**	63
GW Bell	**907**	931
DH Lawrance	**753**	753
R Naidu	**589**	578
ME Ramathe	**606**	597
HR van der Merwe	**534**	563
Total	**4 805**	4 311

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

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

		Balance at 31 December 2018	Exercised	Forfeited	Balance at 31 December 2019	**Exercised**	**Expired**	**Balance at 31 December 2020**
Executive directors and prescribed officers	**Exercise price**	Number of options	Number of options	Number of options	Number of options	**Number of options**	**Number of options**	**Number of options**
L Goosen	**10,48**	100 000	-	-	100 000	**-**	**(100 000)**	**-**
	13,06	50 000	-	-	50 000	**-**	**-**	**50 000**
	21,35	30 000	-	-	30 000	**-**	**-**	**30 000**
Total		180 000	-	-	180 000	**-**	**(100 000)**	**80 000**
KJ van Haght	**10,48**	100 000	-	-	100 000	**-**	**(100 000)**	**-**
	13,06	50 000	-	-	50 000	**-**	**-**	**50 000**
	21,35	30 000	-	-	30 000	**-**	**-**	**30 000**
Total		180 000	-	-	180 000	**-**	**(100 000)**	**80 000**
A Goordeen	**10,48**	100 000	-	-	100 000	**-**	**(100 000)**	**-**
	13,06	50 000	-	-	50 000	**-**	**-**	**50 000**
	21,35	30 000	-	-	30 000	**-**	**-**	**30 000**
Total		180 000	-	-	180 000	**-**	**(100 000)**	**80 000**
N Paynter	**10,48**	60 000	-	-	60 000	**-**	**(60 000)**	**-**
	13,06	30 000	-	-	30 000	**-**	**-**	**30 000**
	21,35	15 000	-	-	15 000	**-**	**-**	**15 000**
Total		105 000	-	-	105 000	**-**	**(60 000)**	**45 000**
DB Chinnappen	**10,48**	100 000	-	-	100 000	**-**	**(100 000)**	**-**
	13,06	50 000	-	-	50 000	**-**	**-**	**50 000**
	21,35	30 000	-	-	30 000	**-**	**-**	**30 000**
Total		180 000	-	-	180 000	**-**	**(100 000)**	**80 000**
A Mayer	**10,48**	55 000	-	-	55 000	**-**	**(55 000)**	**-**
	13,06	30 000	-	-	30 000	**-**	**-**	**30 000**
	21,35	15 000	-	-	15 000	**-**	**-**	**15 000**
Total		100 000	-	-	100 000	**-**	**(55 000)**	**45 000**
SR Jones	**10,48**	60 000	-	-	60 000	**-**	**(60 000)**	**-**
	13,06	30 000	-	-	30 000	**-**	**-**	**30 000**
	21,35	15 000	-	-	15 000	**-**	**-**	**15 000**
Total		105 000	-	-	105 000	**-**	**(60 000)**	**45 000**
JJ van Wyngaardt	**13,06**	7 500	-	-	7 500	**-**	**-**	**7 500**
	21,35	3 000	-	-	3 000	**-**	**-**	**3 000**
Total		10 500	-	-	10 500	**-**	**-**	**10 500**
Grand total		1 040 500	-	-	1 040 500	**-**	**(575 000)**	**465 500**

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

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

Executive directors and prescribed officers	Strike price	Balance at 31 December 2018 Number of awards	Granted Number of awards	Forfeited Number of awards	Balance at 31 December 2019 Number of awards	**Granted Number of awards**	**Forfeited Number of awards**	**Balance at 31 December 2020 Number of awards**
L Goosen	**13,53**	247 000	-	-	247 000	**-**	**-**	**247 000**
	-	138 000	-	-	138 000	**-**	**-**	**138 000**
	12,68	-	247 000	-	247 000	**-**	**-**	**247 000**
	-	-	138 000	-	138 000	**-**	**-**	**138 000**
	8,88	-	-	-	-	**247 000**	**-**	**247 000**
	-	-	-	-	-	**138 000**	**-**	**138 000**
Total		385 000	385 000	-	770 000	**385 000**	**-**	**1 155 000**
KJ van Haght	**13,53**	132 000	-	-	132 000	**-**	**-**	**132 000**
	-	74 000	-	-	74 000	**-**	**-**	**74 000**
	12,68	-	132 000	-	132 000	**-**	**-**	**132 000**
	-	-	74 000	-	74 000	**-**	**-**	**74 000**
	8,88	-	-	-	-	**132 000**	**-**	**132 000**
	-	-	-	-	-	**74 000**	**-**	**74 000**
Total		206 000	206 000	-	412 000	**206 000**	**-**	**618 000**
A Goordeen	**13,53**	132 000	-	-	132 000	**-**	**-**	**132 000**
	-	74 000	-	-	74 000	**-**	**-**	**74 000**
	12,68	-	132 000	-	132 000	**-**	**-**	**132 000**
	-	-	74 000	-	74 000	**-**	**-**	**74 000**
	8,88	-	-	-	-	**132 000**	**-**	**132 000**
	-	-	-	-	-	**74 000**	**-**	**74 000**
Total		206 000	206 000	-	412 000	**206 000**	**-**	**618 000**
N Paynter	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**
DE Morris	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**
DB Chinnappen	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**

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

		Balance at 31 December 2018	Granted	Forfeited	Balance at 31 December 2019	**Granted**	**Forfeited**	**Balance at 31 December 2020**
Executive directors and prescribed officers	**Strike price**	Number of awards	Number of awards	Number of awards	Number of awards	**Number of awards**	**Number of awards**	**Number of awards**
SR Jones	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**
D McIlrath	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**
A Mayer	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**
HW van der Walt (resigned 30 November 2020)	**13,53**	62 000	-	-	62 000	**-**	**(62 000)**	**-**
	-	35 000	-	-	35 000	**-**	**(35 000)**	**-**
	12,68	-	62 000	-	62 000	**-**	**(62 000)**	**-**
	-	-	35 000	-	35 000	**-**	**(35 000)**	**-**
	8,88	-	-	-	-	**62 000**	**(62 000)**	**-**
	-	-	-	-	-	**35 000**	**(35 000)**	**-**
Total		97 000	97 000	-	194 000	**97 000**	**(291 000)**	**-**
JJ van Wyngaardt	**13,53**	62 000	-	-	62 000	**-**	**-**	**62 000**
	-	35 000	-	-	35 000	**-**	**-**	**35 000**
	12,68	-	62 000	-	62 000	**-**	**-**	**62 000**
	-	-	35 000	-	35 000	**-**	**-**	**35 000**
	8,88	-	-	-	-	**62 000**	**-**	**62 000**
	-	-	-	-	-	**35 000**	**-**	**35 000**
Total		97 000	97 000	-	194 000	**97 000**	**-**	**291 000**
GRAND TOTAL		1 573 000	1 573 000	-	3 146 000	**1 573 000**	**(291 000)**	**4 428 000**

46. 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 are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

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

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

Profit from operating activities includes the following government grants:	**2020 R000**	2019 R000
- The Automotive Production Development Programme (APDP) *	**62 630**	117 171

* This South African production incentive is in the form of duty credits which can be used to offset duties incurred on imports for local production.

	2020 R000	2019 R000
Included in property, plant and equipment are the following government grants:		
- The Automotive Investment Scheme (AIS) **	**7 216**	12 308
- Improvement of Regional Economic Structures Programme (GRW) ***	**23 074**	19 767

** This represents a cash incentive grant from the South African government to the automotive sector to incentivise production and employment and is based on capital expenditure incurred on enhancing production capacity.

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

Shareholder analysis

Register date: 31 December 2020
Issued share capital: 95 629 385

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 - 1,000 shares	1 008	65,63	187 426	0,20
1,001 - 10,000 shares	354	23,05	1 358 431	1,42
10,001 - 100,000 shares	132	8,59	4 418 156	4,62
100,001 - 1,000,000 shares	34	2,21	11 910 265	12,45
1,000,001 shares and over	8	0,52	77 755 107	81,31
Totals	**1 536**	**100,00**	**95 629 385**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Banks/Brokers	27	1,76	7 142 168	7,47
Close Corporations	15	0,98	3 136 858	3,28
Endowment Funds	6	0,39	35 078	0,04
Individuals	1 327	86,39	4 507 951	4,71
Insurance Companies	8	0,52	1 859 653	1,95
Investment Company	1	0,06	20 000	0,02
Medical Schemes	1	0,06	70 000	0,07
Mutual Funds	23	1,50	9 142 311	9,56
Other Corporations	5	0,33	50 935	0,05
Bell Equipment Share Scheme	1	0,06	32 233	0,03
Private Companies	29	1,89	37 339 073	39,05
Public Companies	2	0,13	30 000 001	31,37
Retirement Funds	37	2,41	1 915 870	2,00
Trusts	54	3,52	377 254	0,40
Totals	**1 536**	**100,00**	**95 629 385**	**100,00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non - Public Shareholders	**9**	**0,52**	**67 361 564**	**70,44**
Directors of the Company	4	0,26	287 238	0,30
Associates of the Company	2	0,13	2 000	0,01
Bell Equipment Share Scheme	1	0,07	32 233	0,03
Strategic Holders of more than 10%	2	0,13	67 040 093	70,10
Public Shareholders	**1 527**	**99,48**	**28 267 821**	**29,56**
Totals	**1 536**	**100,00**	**95 629 385**	**100,00**
RESIDENT/NON-RESIDENT				
Resident	1 491	97,07	58 977 395	61,67
Non-resident	45	2,93	36 651 990	38,33
Totals	**1 536**	**100,00**	**95 629 385**	**100,00**
TOP 10 BENEFICIAL SHAREHOLDERS				
I A Bell And Company (Pty) Ltd			37 040 093	38,73
John Deere			30 000 000	31,37
Ninety One			3 654 733	3,82
Allan Gray			3 167 648	3,31
Sanlam			3 031 515	3,17
Clark, IAJ			3 025 000	3,16
Pershing			1 950 503	2,04
UBS (Custodian)			1 021 622	1,07
Alexander Forbes Investments			790 348	0,83
Gilmour, S			696 111	0,73
Totals			**84 377 573**	**88,23**
TOP 10 INSTITUTIONAL SHAREHOLDERS				
Allan Gray Asset Management			5 858 427	6,13
Investec Asset Management			3 994 801	4,18
Sanlam Investment Management			3 031 515	3,17
Pershing Llc			1 950 503	2,04
UBS (Custodian)			1 021 622	1,07
HSBC Trinkaus & Burkhardt AG (Custodian)			682 300	0,71
Lombard Odier & Cie			614 946	0,64
Clearstream Banking SA Luxembourg			526 378	0,55
Citibank (Custodian)			452 550	0,47
State Street Bank & Trust Co (Custodian)			409 397	0,43
Totals			**18 542 439**	**19,39**

Shareholder analysis continued

		Indirect	Number of shares	%
BREAKDOWN OF NON-PUBLIC HOLDINGS				
Directors				
Bell, GW	Chairman	**25 000**	**253 600**	**0,27**
Associate		25 000		
Goosen, L	CEO		**4 040**	**0,00**
Bell, AJ	Non-executive director		**2 598**	**0,00**
Mayer, A	Subsidiary director		**2 000**	**0,00**
Totals			**262 238**	**0,27**
ASSOCIATES OF THE COMPANY				
Harie, B	Shareholder in subsidiary		**1 000**	**0,00**
Mabaso-Koyana, SN	Shareholder in subsidiary		**1 000**	**0,00**
Totals			**2 000**	**0,00**
BELL EQUIPMENT SHARE SCHEME				
Bell Equipment			32 233	0,03
Totals			**32 233**	**0,03**
STRATEGIC HOLDERS OF MORE THAN 10%				
I A Bell And Company (Pty) Ltd			37 040 093	38,73
John Deere			30 000 000	31,37
Totals			**67 040 093**	**70,10**

	Number of shareholdings	%	Number of shares	%
RESIDENT/NON-RESIDENT SPLIT				
South Africa	1 491	97,08	58 977 395	61,67
United States	9	0,59	32 832 750	34,33
United Kingdom	6	0,39	1 119 062	1,17
Switzerland	4	0,26	817 300	0,85
Germany	3	0,20	837 400	0,88
Luxembourg	2	0,13	536 378	0,56
Namibia	7	0,46	182 570	0,19
Swaziland	2	0,13	141 960	0,15
France	2	0,13	116 500	0,12
Netherlands	1	0,06	45 500	0,05
New Zealand	5	0,33	13 600	0,02
Mauritius	1	0,06	3 000	0,00
Australia	1	0,06	4 200	0,00
Zambia	1	0,06	1 500	0,00
Botswana	1	0,06	270	0,00
Totals	**1 536**	**100,00**	**95 629 385**	**100,00**

Shareholder diary

Financial year-end	31 December
Integrated annual report	April 2021
Annual general meeting	18 June 2021
Interim results announcement	September 2021

Glossary

ADT	Articulated Dump Truck
AGM	Annual General Meeting
AIS	Automotive Investment Scheme
ALC	American Logistics Centre
APDP	Automotive Production and Development Programme
Bell Equipment or Bell or the group	Bell Equipment Limited and its subsidiaries
BEE or BBBEE	Black Economic Empowerment or Broad Based Black Economic Empowerment
BEE Manco	K2019577563 (South Africa) (RF) Proprietary Limited
BECSA	Bell Equipment Company SA Proprietary Limited
BECSA Holdings	BECSA Holdings Limited
BEF	Bell Equipment Foundation
BEGS	Bell Equipment Group Services Proprietary Limited
BENA	Bell Equipment North America Inc.
BESSA	Bell Equipment Sales South Africa Limited
BESSA BEE SPV	K2017044733 (South Africa) (RF) Proprietary Limited
BHL	Bell Equipment SA Holdings Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Companies Act	Companies Act of South Africa No 71 of 2008 (as amended)
COVID-19	Corona virus disease
DRC	Democratic Republic of the Congo
ELC	European Logistics Centre
FD	Financial Director
GEC	Group Executive Committee
GLC	Global Logistics Centre
HEPS	Headline earnings per share
IDC	Industrial Development Corporation of South Africa Limited
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
JSE	Johannesburg Stock Exchange Limited
King III	King Code of Governance Principles and the King Report on Governance
King IV	King IV Report on Corporate Governance in South Africa 2016
Matriarch	Bell brand name for forestry products
MOI	Memorandum of Incorporation
NPAT	Net Profit after Tax
OEM	Original Equipment Manufacturer
PPP	Paycheck Protection Program
ROIC	Return on Invested Capital
SAICA	South African Institute of Chartered Accountants
SENS	Stock Exchange News Service
Sibi	Sibi Capital Proprietary Limited

Corporate information

BELL EQUIPMENT LIMITED
Registration Number: 1968/013656/06

JSE SHARE CODE
BEL

ISIN CODE
ZAE000028304

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