Barloworld
Leading brands

One Barloworld

Delivering value while adapting and transforming

BARLOWORLD LIMITED
CONSOLIDATED AND COMPANY
ANNUAL FINANCIAL STATEMENTS

2020

About Barloworld

Barloworld is an industrial processing, distribution and service company which distributes leading international brands. In our OEM businesses we provide integrated sales, rental, fleet management and product support through offering flexible, value adding, and innovative business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, Mercedes-Benz, Toyota, Volkswagen, Audi, BMW, Ford, Mazda, among others. The divisions of the Group comprise Equipment (earthmoving equipment and power systems), Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions), Logistics (logistics management and supply chain optimisation) and Consumer Industries (Ingrain – starch and glucose).

Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to sustainable development and playing a leading role in empowerment and transformation. The Company was founded in 1902 and currently has operations in 16 countries around the world.

SEND US YOUR FEEDBACK

Help us to understand what matters to you by sending your comments and feedback on our integrated report to **invest@barloworld.com** or **sustainability@barloworld.com** or visit **www.barloworld.com** to download the feedback form.

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Group finance director's review

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2020

Group revenue for the year decreased by 17% to R49.7 billion (2019: R60.2 billion). Equipment southern Africa's (snA) revenue declined by 14% against the prior year but strong against our initial re-forecast resulting largely from comparatively good mining machine sales and resilient aftermarket activity levels. Despite the COVID-19 pandemic and geopolitical challenges Equipment Eurasia revenue increased by 22% benefiting from strong levels of mining activity, particularly in the gold sector.

The Automotive division's revenue, excluding NMI-DSM now equity accounted, was down 15% with declines across all business units as COVID-19 and economic pressures impacted discretionary spending coupled with lower fleet utilisation in the Car Rental business. Strong used vehicle sales volumes post lockdown trade restrictions was achieved and margins in this segment are being maintained. Cash generation was supported by the disposal of properties to Khula Sizwe as well as fleet disposals in the Rental and Fleet businesses. In Logistics, revenue declined by 25% against the prior year on the back of the non-renewal of contracts and the contraction of the Transport and Supply Chain markets resulting from weaker demand for goods and services. The weakening South African Rand (ZAR) resulted in an increase in revenue of R1.3 billion (2.8%) with the bulk of the increase in the Equipment businesses.

IFRS 16: Leases was adopted for the first time this current financial year and the modified retrospective approach was applied. The comparatives were therefore not restated. The impact of IFRS 16 on the Group's operating profit was an uplift of R147 million because we no longer record operating lease charges, but recognise interest charged and amortisation.

The EBITDA of R4.8 billion was 25% down (2019: R6.5 billion) with the impact of IFRS 16: Leases for the 2020 financial year, being a favourable R549 million in leasing charges no longer included in EBITDA. Depreciation and amortisation were up as a result of first-time implementation of IFRS 16 (R403 million depreciation charge).

The operating profit for the Group of R1.8 billion was 54% down (2019: R3.9 billion), negatively impacted by lower revenues and higher operating costs. The Equipment snA operating profit was down 35% impacted by lower service labour recoveries, Khula Sizwe charges and once off retrenchment costs while gross margin remained in line with the prior year boosted by a stronger aftersales contribution. In USD terms Equipment Eurasia's operating profit improved by 1.8% with continued cost containment and mix driving the sustained margin, showing resilience. Automotive's operating profit was down by 83%, impacted by losses suffered as a result of trading and travel restrictions as well as once off operating costs. Logistics operating profit reduced to a loss of R153 million against a R38 million profit in the prior year. Cost containment through staff reductions, footprint rationalisation and fit for purpose operating models were key focus areas during the year with benefits expected to be realised in 2021. Corporate cost containment measures, driven largely by a headcount reduction and the reduction of consulting costs to key projects, were implemented to further curb costs. The Khula Sizwe operating profit excluding an R82 million B-BBEE charge was R168 million earned from the 57 properties purchased to date as part of the B-BBEE deal and rentals earned from divisions.

The South African Rand (ZAR) exchange movements have increased operating profit by 5.4% equalling R98 million from Equipment Eurasia. The Group operating margin of 4.1% is down on the prior year (2019: 6.6%) and net profit after tax has decreased by 211% to a R2.5 billion loss against the prior year of R2.2 billion.

Losses from fair value adjustments on financial instruments totalled R340 million driven by negative currency movements and forward exchange contract cost impacting Equipment snA, of which R96 million related to RSA and R114 million related to the rest of Africa, which were further impacted by R187 million loss in the UK from the derecognition of the USD denominated cash deposits, realised in the income statement in September.

Losses from non-operating and capital items of R1.9 billion largely relate to the impairments taken in March against BZAMM, car rental and our investment in BHBW. To note the NMI-DSM investment impairment at March of R124 million was reversed in full, however further impairments were taken in September relating to properties of R167 million and right of use assets of R40 million.

With the exclusion of IFRS 16 we saw a reduction in the net finance costs in 2020 on the back of reduced interest rates in South Africa. Net finance costs of R1.1 billion (2019: R0.9 billion) include IFRS 16 charges of R285 million together with Khula Sizwe external net finance charges of R82 million. Lower marginal rates in South Africa have provided some relief despite higher borrowings.

The effective tax rate before exceptional items and prior year adjustments was 251% (2019: 28.4%). The increase in the current year's tax rate is largely due to local currency profits in the offshore entities, Khula Sizwe capital gains taxes and IAS 12.41 adjustments arising from the negative in country currency movements against the USD.

Joint ventures and associates generated losses of R48 million compared to the prior year's profits of R231 million. The BHBW joint venture contributed a loss of R58 million (2019: R24 million loss) and remains under pressure. Bartrac, our joint venture in the Katanga province of the DRC generated losses of R41 million (2019: R268 million profit). The DRC has seen some green shoots in activity levels over the last two months of the financial year against the losses of the first three quarters of the year. NMI-DSM contributed an impressive result of R52 million (noting that in 2019 NMI was a subsidiary for 11 months and generated profit after tax and one month associate income at September 2019 of R40 million).

Normalised HEPS*, excluding the impact of IFRS 16, B-BBEE IFRS 2 charges and the fair value on the USD deposits in the UK was a 30 cents loss and well down on prior year of 1 167 cents. HEPS loss of 268 cents was impacted by all operations performing at levels well below the prior period.

RATIOS AND ROIC

Performance against metrics has generally been below target and prior year on the back of depressed trading results. Most businesses have generated ROIC below the hurdle rates (and consequently generating negative economic profit) except for Russia that has performed particularly well under the circumstances achieving a ROIC of 14.2% (Sept 2019: 17.3%).

CASH FLOWS

Cash generated from operating activities to 30 September 2020 of R2.4 billion was marginally down on prior year (2019: R2.6 billion). Despite the decreased activity levels across the Group the working capital levels were well maintained largely due to a decrease in receivables as a result of accelerated collection and a decrease in business activity. Investments in leasing and the rental fleet have been well contained in the year resulting from lower demand in these businesses and the sale of excess vehicle capacity within the car rental business.

Net cash used in investment activities of R3.0 billion includes the Mongolia acquisition of R2.6 billion which when excluded was favourable compared to the prior period on the back of reduced capex investments as the Group focuses on cash containment and inflows from disposals in the year.

The free cash flow for the period was positive at R575 million, however, excluding the Equipment Mongolia acquisition of R2.6 billion, this is comparable to 2019's R3.1 billion.

FINANCIAL POSITION, GEARING AND LIQUIDITY

The Group's balance sheet as at 30 September 2020 remained strong considering the challenging environment. A robust and solid liquidity position with cash balance of R6.7 billion was maintained with the net debt position including the Equipment Mongolia acquisition, increasing to R2.6 billion from R1.1 billion in 2019. The headroom on committed facilities remained substantial at R10.1 billion. These facilities exclude the ring-fenced R5.4 billion of committed funding for the Ingrain acquisition and therefore the total headroom as at 30 September amounted to R15.6 billion. The funding capacity of the Group remains healthy as management continues to focus on actively reviewing and monitoring all facilities on an ongoing basis and remain confident of the good liquidity position.

At the end of 30 September 2020, the Group's gearing levels increased and our financial position was well within our covenants. It is important to note that, in April 2020, the EBITDA to interest covenant was renegotiated from 3.5 times to 2.5 times based on an unpredictable future that was forecasted at the time. The Group not only met the renegotiated covenant but also remaining well within our old covenant targets even post acquisition of Equipment Mongolia. Management interventions during the lockdown period have sown positive results in managing our assets and liabilities.

Debt covenants	September 2020	September 2019
EBITDA: Interest Cover >2.5 times	4.7 times	5.7 times
Net Debt:EBITDA <3.0 times	0.6 times	0.2 times

Even after taking into account the acquisitions being progressed, we retain significant headroom within our covenants, with Net Debt to EBITDA remaining below 1.0 times, the target being below 3.0 times.

NORMALISED RETURNS

ROIC, EP and FCF are key performance measures for the Group. Performance during the period was impacted by tough trading conditions.

	September 2020	September 2019
ROIC (%)*	1.0	11.9
EP (R million)*	(3 037)	(323)
Free Cash Flows (R million)*	575	3 064
Return on ordinary shareholders funds (%)	(1.5)	10.6

*Refer to definitions in the Group annual financial statements

Group finance director's review CONTINUED

EVENTS AFTER BALANCE SHEET

The acquisition of Ingrain was concluded after the financial year-end and is now a subsidiary of Barloworld Limited effective on 31 October 2020.

2021 OUTLOOK

Notwithstanding the tough Group results achieved in the midst of unprecedented challenges, we expect to begin realising significant cost efficiencies and operational synergies in the short-term from the Groupwide implemented austerity measures. In addition, the implementation of the Barloworld Business System across the Group, new ways of working, founded on lean principles and continuous improvement, position us well to continue to show resilience during volatile macroeconomic dynamics in the local and global economies. We are already seeing the benefits of the BBS being realised in our Equipment southern Africa business through increased cash flows and reductions in invested capital, and this trend is expected to continue. Generating free cash flows remains and ensuring that the Group's assets generate a return on invested capital above our stated weighted average cost of capital target of 13% remains a Group imperative. Our strong cash position, which will be bolstered by the capital released from the Khula Sizwe transaction, stands us in good stead in the short- to medium-term. The coronavirus outbreak is still evolving, and its effects remain unknown with the current uncertainties and market volatility that it brings. We have navigated the COVID-19 storm in 2020 and we believe that we are well positioned for the recovery in 2021, which includes our two acquisitions, Equipment Mongolia and Ingrain.

APPRECIATION

I would like to thank my board colleagues and the Group executive committee for their support and guidance during the current period. I would also like to extend my appreciation to the finance team's commitment to ensuring the highest standards of integrity and financial discipline.

NV Lila
Group Finance Director

30 November 2020

Directors' responsibility and approval

The directors of Barloworld Limited (the company) have the pleasure of presenting the consolidated (Barloworld Limited and its subsidiaries also referred to as the Group) and company financial statements for the year ended 30 September 2020.

In terms of the South African Companies Act 71 of 2008 (as amended) the directors are required to prepare the consolidated and company financial statements that fairly present the state of affairs and business of the Group and Company at the end of the financial year, and of the profit or loss for that year. To achieve the highest standards of financial reporting, these financial statements have been drawn up to comply with International Financial Reporting Standards (IFRS) and interpretations of IFRS standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE listing requirements.

The directors confirm that they are in compliance with the provisions of the Companies Act or relevant laws of establishment, specifically relating to its incorporation; and operating in conformity with its memorandum of incorporation.

The reports by the chairman, the chief executive, the finance director and the detailed operational reports discuss the results of operations for the year and those matters which are material for an appreciation of the state of affairs and business of the company and of the Barloworld Group.

On the recommendation by the audit committee, the directors considered and are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded, and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies, and concluded that estimates and judgements are prudent. They are of the opinion that the financial statements fairly present in all material respects the state of affairs and business of the Group and Company at 30 September 2020 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 30 November 2021 and believe that the Barloworld Group entities and the company have adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The financial statements were approved by the board of directors and were signed on its behalf by:

NP Dongwana

DM Sewela

NV Lila

Sandton
30 November 2020

Preparer of financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

These financial statements have been prepared under the supervision of NV Lila BCompt,HDipAcc, CA(SA).

NV Lila
Group Finance Director

30 November 2020

Independent auditor's report

TO THE SHAREHOLDERS OF BARLOWORLD LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Barloworld Limited and its subsidiaries ("the Group") and company set out on pages 33 to 163, which comprise of the consolidated and separate statements of financial position as at 30 September 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 September 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

OTHER MATTER

The financial statements of Barloworld Limited for the year ended 30 September 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 15 November 2019.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters applies to the audit of the consolidated statements:

KEY AUDIT MATTER	HOW THIS MATTER WAS ADDRESSED IN OUR AUDIT
IMPAIRMENT OF GOODWILL (CONSOLIDATED)	

As at 30 September 2020, the Group has goodwill of R1,3 billion, which is shown as non-current asset in the statement of financial position. The applicable disclosures can be found in note 12 to the consolidated financial statements.
 	
As required by *IAS 36 Impairment of Assets,* the Group tests goodwill for impairment on an annual basis and an impairment loss of R702 million has been recognised in the current year. In order to determine the impairment loss for the year, management calculates the recoverable amount of each cash-generating unit (CGU) using a discounted cash flow (DCF) model.
 	
The Group has diverse business interests in the Automotive Retail, Rental & Leasing, Logistics, and Industrial Heavy Equipment sales which are subject to sector specific macro-economic and business performance assumptions. As a result, each DCF model includes different judgements about significant inputs such as the discount rates and assumptions impacting the forecast cash flows, including the movements in working capital, the revenue growth rates, and the forecast costs. Management involves external specialists to assist in the determination of the discount rates used in each DCF.
 	
Further to the above, the COVID-19 pandemic which resulted in lockdown and decline in economic activity, has changed the Group's operating environment. The resultant decline in profitability together with the continued uncertainty of the effect of COVID-19 on the Group's future financial performance, increased the effort required to audit forecast performance
as historical measures are no longer indicative of future performance.
 	
As a result of the above, significant auditor attention was required to audit the DCF models, including the use of specialists, and as such this has been considered as a Key Audit matter in the current year.
	Our procedures for each CGU included, amongst others, the following:
	◦ We obtained an understanding of the process followed by management in assessing goodwill for impairment.
	◦ With the assistance of our specialists we assessed the reasonability of the inputs used to calculate the discount rate by comparing them to available market data.
	◦ We assessed the competence and objectivity of the expert engaged by management to calculate the discount rate used in the DCF model.
	◦ We assessed the reasonability of the forecast cash flows by:
	  ◦ Performing an assessment of managements historical forecasts against actual performance;
	  ◦ Compared actual results achieved after year end to the forecast performance for the same period;
	  ◦ Assessing the external inputs used by management to determine the revenue growth rates and forecast costs for reasonability against available market data and our specialists' assessments over comparable data;
	  ◦ Comparing growth in revenue and costs to actual growth rates achieved in previous years and considering sector-specific adjustments made to account for the impact of the COVID-19 pandemic and macro-economic indicators which, with the assistance of our specialists, we tested for reasonability through comparison to available market data;
	  ◦ Assessing forecast working capital movements against historic performance. We considered the impact of the national lockdown as a result of COVID-19, by placing more emphasis on recent performance both during and after the current financial year to provide an indication of future working capital movements;
	◦ We performed a scenario analysis by considering the impact on the recoverable amount for changes in the inputs in the models to determine our own estimation of the recoverable amount and the reasonability of managements calculation of the recoverable amount.
	◦ We reviewed and vouched the disclosures in the consolidated financial statements to the results of our assessments and audit procedures over the Group's recoverable amount calculations.

KEY AUDIT MATTER | **HOW THIS MATTER WAS ADDRESSED IN OUR AUDIT**

MAINTENANCE AND REPAIR CONTRACTS (MARC) – EQUIPMENT DIVISION (CONSOLIDATED)

Key audit matter

As at 30 September 2020, the Group's current and non-current contract liabilities (of R1 272 million and R436 million respectively), include MARC deferred revenue of R586 million (2019: R469 million). The Group's revenue of R49 683 million includes MARC revenue of R1 325 million (2019: R1 327 million). The applicable disclosures can be found in notes 2 and 29 to the consolidated financial statements.

The Group, through its Barloworld Equipment division, is a distributor of Heavy Industrial Equipment. In addition to the sale and rental of this equipment, the Barloworld Equipment division provides maintenance and repair services to its customers over varying contractual periods – these are referred to as MARC for the machines.

As required by *IFRS 15 Revenue from Contracts with Customers* – guaranteed MARC revenue is recognised over time using a cost-based output method and is calculated based on multiple inputs being; actual costs incurred to date, billings to date, full life revenue, and full life costs. The "full life cost" and "full life revenue" are calculated at contract inception date and are adjusted as costs are incurred and price adjustments/variations are agreed with the customer.

The guaranteed MARC revenue is recognised in the statement of profit or loss and other comprehensive income at the percentage to which actual cost incurred relates to total full life cost expected to be incurred over the duration of the contract. Deferred revenue, which is the portion of revenue invoiced but not yet earned (in terms of the cost-based output method), is recognised as a liability in the statement of financial position.

In addition to the significance of the MARC revenue (both deferred and recognised) to the financial statements, it is determined at the individual contract level for each piece of equipment.

This means that the calculation relies on multiple inputs to be audited (both deferred and recognised) resulting in significant effort in the current year as extensive time was spent testing these inputs to supporting documentation.

Furthermore, because this was our first year auditing the Group, significant time was spent in discussion with management to understand the process and the accounting policies in order to design our audit strategy which evolved over the course of the audit.

How this matter was addressed in our audit

Our procedures included, amongst others, the following:

- We have obtained an understanding of the process followed to account for the Maintenance and Repair contracts (MARC).
- We read the revenue recognition policy relevant to MARC and assessed the principles applied against the requirements of IFRS 15.
- We recalculated deferred revenue taking into account the following inputs: full life revenue, full life cost, costs incurred to date at sell, and billings to date for each piece of equipment (machine) under a MARC. We agreed the inputs used in management's deferred revenue calculation to Barloworld Equipment division's asset management system.
- For a sample of transactions relating to new and existing MARC, we tested the inputs into the calculation as follows:
- For a sample of MARC equipment (machines) contracts entered into during the current financial year we:
  - Tested the full life cost at inception of the contract through recalculation in reference to the expected effort to maintain/repair the equipment per the third-party dealer guidelines.
  - Tested the inputs into these calculations to the third-party dealer guidelines (for quantities of parts/components), to Barloworld Equipment price lists, and to other supporting documentation for third party labour costs.
  - Agreed the full life cost and the total machine hours to the signed contract with the customer and to the Barloworld Equipment asset management system.
- For a sample of MARC equipment (machines) contracts entered into during the current financial year and those existing in the prior year we:
  - Compared the full life cost as at 30 September 2020 to the prior year and agreed significant movements to escalation letters signed by the customer.
  - Recalculated the billed revenue to date as at 30 September by adding invoices issued to the customer for machines during the current financial year and the accumulated billing of prior financial years.
  - Recalculated the full life revenue as at 30 September 2020 in reference to the billed revenue to date and the future expected billings which were determined by multiplying the rates agreed with the customer by the remaining machine hours. Remaining machine hours were recalculated in reference to the signed contract with the customer and total hours the machine had operated to date (which we tested to supporting documentation).
  - Agreed these inputs to the Barloworld Equipment asset management system.
- We agreed a sample of costs incurred to date and recorded in the Group's accounting system during the current financial year to supporting documentation and to the posting into the asset management system and tested that the cost were allocated to the correct MARC equipment (machine).
- We tested the reconciliation of the costs recorded in the AMT system during the current financial year to the clients accounting records.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Barloworld Limited consolidated and company annual financial statements for the year ended 30 September 2020", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the "Barloworld Limited Integrated Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and company'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 and Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Barloworld Limited for one year.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Sifiso Sithebe

Registered Auditor
Chartered Accountants (SA)

30 November 2020

Certificate by secretary

In my capacity as the company secretary, I hereby certify that, to the best of my knowledge and belief, Barloworld Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act 71 of 2008 (as amended). Further, I certify that such returns and notices are true, correct and up to date.

AT Ndoni
Company secretary

30 November 2020

Audit committee report

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Audit Committee's primary role is to assist the board to discharge its corporate governance and oversight responsibilities by ensuring the integrity of the Group's financial and corporate reporting, overseeing the execution of the Groups combined assurance model, and ensuring that adequate systems of internal control are in place regarding financial risks and that these controls are operating effectively.

The Audit Committee conducted its work in accordance with the written terms of reference approved by the board (information on this is recorded in the Corporate Governance Report) which is reviewed and updated when necessary. Terms of reference are set up to ensure that the Committee performs its duties in terms of King IV, the Companies Act and the Listings Requirements of the JSE (the Listing Requirements) for the financial year ended 30 September 2020.

MEMBERSHIP

During the year under review the Audit Committee consisted of

- SS Ntsaluba (Chairperson)
- HH Hickey
- M Lynch-Bell
- NP Mnxasana
- NP Dongwana (resigned 12 February 2020)

Six meetings were held in the year. Details of attendance are included in the integrated report available at www.barloworld.com.

The Group Chief Executive Officer, Group Finance Director, Group Executive: Human Capital, Internal Auditors, External Auditors and Finance Executives also attend meetings of the Audit Committee as invitees.
The internal and external auditors both have unrestricted access to the Audit Committee and regularly have confidential meetings without members of executive management being present.

EXTERNAL AUDIT

THE AUDIT COMMITTEE

- Recommended to shareholders that Ernst & Young (EY) 70% and SNG-Grant Thornton (SNG-GT) 30% be appointed as independent external auditors for the company and its subsidiaries and the appointment of S Sithebe as the independent designated auditor for the company for the financial year ending 30 September 2020 in compliance with the Companies Act and the Listings Requirements of the JSE Limited. This was the first year of audit for EY, SNG-GT and S Sithebe as the designated auditor.

  Furthermore, the audit committee has executed its responsibilities in assessing the suitability of the external auditor and designated individual auditor as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements by considering the relevant information pursuant to paragraph 22.15(h) of the JSE Listings Requirements and have been provided with all decision letters/explanations issued by IRBA and any summaries relating to monitoring procedures/deficiencies issued by the auditors. The audit committee has satisfied itself that S Sithebe, as the designated individual auditor are appropriate and that EY, is accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.
- Recommended that the reappointment of SNG-GT as independent external auditors of the Barloworld Logistics business for the financial year ending 30 September 2020.
- Received confirmation from all external auditors, that EY and SNG- GT are independent of the Group
- Have successfully concluded that the risk of familiarity between the external auditor and management is sufficiently mitigated.
- Considered the quality controls processes of the external auditors and specifically audit quality reviews conducted over the designated auditor, including those performed by the Independent Regulatory Board for Auditors (IRBA) as part of their routine review process.
- Approved the external audit engagement letter which includes scope and the cost of the audit.
- Reviewed and approved the policy for non-audit services that can be provided by external auditors and the pre-approval authorisation process for the services that the external auditors may provide.
- Considered to its satisfaction the independence, objectivity and effectiveness of the external auditors and ensured that the scope of their additional (non-audit) services provided were, individually and in aggregate, in compliance with the Group's policies in this regard.
- Reviewed and approved the rotation policy of external auditors.
- Concurred that the adoption of the going concern premise in the preparation of the Annual Financial Statements was appropriate.

ACCOUNTING PRACTICES AND KEY AUDIT MATTERS

The Audit Committee reviewed the accounting policies and the annual financial statements of the company and of the Group for the year ended 30 September 2020, for compliance with the provisions of the Companies Act, IFRS and the JSE Listings Requirements, together with consideration of the findings from the JSE proactive monitoring of the 2019 financial statements and the preliminary findings of the JSE's thematic review of IFRS 15: Revenue from Contracts with Customers (IFRS 15) and IFRS 9: Financial Instruments (IFRS 9).

The Audit Committee has considered the following key audit matters during the financial year ended 30 September 2020:

- Goodwill investments in JVs/associates and indefinite life intangible assets: Botswana, Zambia, Angola, Mozambique and Malawi (BZAMM), Bartrac, Avis budget, Motor Trading, Avisfleet, BHBW, NMI Investment and Logistics.

The Audit Committee spent time understanding the significant estimates and judgements applied in management's valuation and impairment assessments and challenged these where necessary. The Audit Committee assessed management's value-in-use calculations by considering, amongst others, the following:

- The reasonableness of management's assumptions used in determining future cash flows;
- The terminal value and discount rates applied in management's value-in-use calculations and the sensitivity of these assumptions to reasonably possible changes;
- The adequacy of the disclosures made in notes 11 and 12 to the financial statements; and
- Considered the work and assurance of the external auditor.

On this basis, the Audit Committee reviewed the write-off of goodwill and indefinite life intangibles during the first half and the second half of the financial year. As at 30 September 2020 there was sufficient headroom to support the remaining goodwill carrying value and the disclosures presented in the financial statements are fairly presented in compliance with International Financial Reporting Standards (IFRS).

PRESENTATION OF AVIS FLEET AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In April 2020, management took a decision to reverse the plans that were in place, diluting the Group's interest in Avis Fleet to a 50% shareholding. In terms of International Financial Reporting Standards 5 (IFRS 5) Non-current assets held for sale and discontinued operations, the Group had reported the results of Avis Fleet business separately as a discontinued operation and assets and liabilities held for sale in 2019. The Entity has now been consolidated as a Continuing operation and the 30 September 2019 numbers have been restated accordingly.

In assessing the management's proposed position, the Audit Committee considered the following:

- The impact of the COVID-19 pandemic to the South African economy and the Global economy at large.
- Availability of liquidity in the market and the cost of funding from the financial services sector.
- The reasonableness of management's assertion that the dilution of Avis Fleet in 12 months was no longer priority based on the performance of the business.
- Financial performance of Avis Fleet in 2020 which brought stability in the Automotive business due to the annuity nature of the business.
- The adequacy of the disclosures made within note 22 to the financial statements and the classification of the Avis Fleet business as a continuing operation.
- The work and assurance of the external auditors.

On this basis the Audit Committee was satisfied that the Avis Fleet business is correctly reclassified as continuing operations and that the disclosures presented in the financial statements are fairly presented and compliant with IFRS. This position will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix.

KEY AREAS OF FOCUS

In addition to executing on its statutory duties and the considering key audit matters, the Audit Committee also addressed the following key areas of focus during the year ended 30 September 2020.

COMBINED ASSURANCE

The Committee confirms, based on the processes and assurance obtained, that it:

- has executed its duties in accordance with the terms of reference during the past financial year.
- believes that the accounting practices are effective.
- believes that the significant internal financial controls are effective.
- confirms that the external auditor has functioned in accordance with its terms of reference.

NEW ACCOUNTING STANDARDS

The Audit Committee considered all new standards applicable for the 2020 financial year, in particular IFRS 16: Leases and IFRIC 23: Uncertainty over income tax treatments as well as interpretations and amendments to standards in issue that are not yet adopted but are likely to affect the financial reporting in future years. The Audit Committee also reviewed the related disclosure thereof in the annual financial statements.

INTERNAL AUDIT

THE AUDIT COMMITTEE

- Approved the appointment of KPMG as an outsourced partner to Barloworld's internal audit function effective 1 October 2020. Reviewed the appropriateness of the internal audit charter and recommended the approval of the charter by the Board.
- Approved the one-year operational internal audit work plan and monitored adherence of internal audit to its annual plan.
- Monitored and supervised the functioning and performance of internal audit, compliance with its charter, reviewed and approved the risk-based audit plans, resources and budgets. Reviewed the appropriateness of the Group's combined assurance model to ensure that the significant risks identified in the high-level risk assessments are adequately addressed.
- Reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems, processes, their concerns arising out of their audits and requested appropriate responses from management.
- Reviewed the results of the financial control management self-assessments as contained in the Barloworld Internal Control Matrix (ICM) which is completed in respect of all business units and operations in the Group.
- Reviewed and evaluated the nature and extent of the documented review of internal financial controls performed by internal audit and evaluated whether any weaknesses identified in such financial controls were considered sufficiently material to be reported to the Board and the stakeholders.
- Reviewed the report prepared by internal audit regarding the risk management process in the Group and the level of embeddedness of such processes within each operating division.
- Reviewed the performance and confirmed the suitability and expertise of KPMG during the process of onboarding.

INTERNAL CONTROL

Based on the results of the formal documented review of the Group's system of internal controls and risk management conducted by internal audit function during the 2020 financial year and having given due consideration to the results of assurance activities of various assurance providers including considering information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the Audit Committee that caused it to believe that the Group's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

COMBINED ASSURANCE

The Audit Committee has reviewed the company's combined assurance model and has satisfied itself with its completeness. Whilst the Risk and Sustainability Committee of Board has the primary responsibility to assist the Board with discharging its duties in relation to the risk management, the Audit Committee takes a keen interest in risk management in line with its responsibility for internal controls as they relate to financial matters.

The Audit Committee has satisfied itself that the company has sufficient coverage obtained from management, external and internal assurance providers to manage financial risks and the control environment.

EXPERTISE AND EXPERIENCE OF THE GROUP FINANCE DIRECTOR AND THE FINANCE FUNCTION

THE AUDIT COMMITTEE

- Reviewed the performance and confirmed the suitability and expertise of the Group Finance Director, N Lila (DG Wilson was the Group Finance Director until his retirement from the board on 12 February 2019, after which he was in the role of Acting Chief Financial Officer of the Group until February 2020).
- Considered the appropriateness of the expertise, diversity and adequacy of resources of the Group's financial function and the effectiveness of the senior members of management responsible for the financial function.
- The reality of COVID-19 pandemic impact and the remote working.

FINANCIAL STATEMENTS

THE AUDIT COMMITTEE

- Considered accounting treatments, significant or unusual transactions and accounting judgements.
- Considered the appropriateness of accounting policies and any changes made.
- Met separately with management, external audit and internal audit and the Chairman attended the risk & sustainability committee meetings.
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings.
- Reviewed the process in place for the reporting of concerns and complaints relating to accounting practices, internal audit, content of auditing of the Group's financial statements, internal controls of the Group and any related matters. The Audit Committee can confirm that there were no such concerns or complaints during the year under review.
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
    - The interim results for the six months ended 31 March 2020.
    - The audited annual results for the year ended 30 September 2020.

- Reviewed the working capital packs prepared by management to support the board's going concern statement at reporting dates as well as the solvency and liquidity tests required in terms of the Companies Act.
- The audit committee has considered the circumstances that resulted in the prior year errors and believe that the additional control measures put in place to prevent future errors are appropriate.

FINANCIAL STATEMENTS AND INTEGRATED REPORTING

The Audit Committee considered the Barloworld Limited consolidated and company financial statements and the summarised financial statements, (together the financial statements) for the year ended 30 September 2020. The Audit Committee, in conjunction with other Board sub-committees has also considered the non-financial information as disclosed in the integrated report and assessed its consistency with operational and other information known to Audit Committee members. The Audit Committee has also considered the external assurance provider's report and is satisfied that the information is reliable and consistent with the financial results. The financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

At their meeting held on 26 November 2020, the Audit Committee recommended the financial statements for the year ended 30 September 2020 for approval to the board.

SS Ntsaluba
Audit Committee Chairman

For and on behalf of the Barloworld Limited Audit Committee

30 November 2020

Directors' report

NATURE OF BUSINESS

Barloworld Limited ("Barloworld" or "company") is a registered holding company for a Group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential. Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the London and Namibia stock exchanges. The core divisions of the Group comprise: Equipment (earthmoving and power systems); Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions); Logistics (logistics management and supply chain optimisation); and Corporate Office (Group headquarters and treasury in Johannesburg, the treasury in Maidenhead (United Kingdom) and a captive insurance company in the Isle of Man).

FINANCIAL RESULTS

The following commentary reflects results from continuing operations. Revenue of R49.7 billion (2019: 60.2 billion) was down 17% from the prior year. Operating profit for the Group was down 54.0% to R1.8 billion (2019: R3.9 billion). Total Headline Loss Per Share of 270 was 1 370 cents below the Total Headline Earnings Per Share of 1 100 in the prior year. Net cash outflow before financing activities was R552 million compared to the inflow of R2 billion in the prior year.

SHARE CAPITAL

The authorised share capital as at 30 September 2020: 400 000 000 ordinary par value shares of R0.05 each. 500 000,6% cumulative preference shares of R2 each. The issued share capital as at 30 September 2020: 201 025 646 ordinary par value shares of R0.05 each. 375 000,6% cumulative preference shares of R2 each.

At the general meeting held on 14 February 2019, the Groups' B-BBEE transaction Khula Sizwe was approved. During the year, 6 578 121 shares were issued to the Barloworld Empowerment Foundation. During the year, 18 245 058 shares were repurchased and cancelled as part of the Group's formal buy-back programme.

MAJOR SHAREHOLDERS

Shareholders holding beneficially, directly or indirectly, in excess of 3% of the issued share capital of the company at 30 September 2020 is detailed in the Integrated Report

DIVIDENDS

Barloworld has met its solvency and liquidity obligations and given the current market conditions the board has taken the important precautionary measure not to declare a final dividend payment for the year ended 30 September 2020.

CHANGES IN DIRECTORATE AND EXECUTIVE MANAGEMENT

Advocate Dumisa Ntsebeza SC, who was appointed to the board in May 1999 and as chairman of the board in June 2007, retired as a director and an independent chairman of Barloworld immediately after the Annual General Meeting held on 12 February 2020. Mrs. Neo Dongwana, who joined the board in May 2012, succeeded Advocate Dumisa Ntsebeza SC as the chairperson of the board with effect from 13 February 2020. The board wishes to thank the chairman, as well as the executive- and non-executive directors for their valuable contribution to the company. The board welcomes the new chairperson.

COMPANY SECRETARY AND REGISTERED OFFICE

The company secretary is Ms Andiswa Ndoni and her business address and that of the registered office appear on the inside back cover.

AUDITORS

Ernst & Young (EY), in a shared audit arrangement with SizweNtsalubaGobodo-Grant Thornton (SNG-GT) were appointed as auditors for the company and its significant subsidiaries for financial year 2020.

At the AGM, shareholders were requested to appoint Ernst & Young as the registered independent external auditors of Barloworld Limited for the 2020 financial year and to confirm Mr S Sithebe, as the lead independent external auditor. The shareholders approved the request.

ACQUISITIONS AND DISPOSALS

Effective 1 September 2020, Barloworld Mongolia Limited, an indirect wholly-owned subsidiary of Barloworld Limited, was awarded the Caterpillar distribution rights for Mongolia and acquired 100% of Wagner Asia Equipment LLC and a 49% share in SGMS LLC.

Our Caterpillar business in Mongolia is engaged in the business of selling and distributing construction and mining equipment, aftermarket and technology solutions as well as rental solutions under the Caterpillar brand. This will enhance the expansion of the Barloworld Group in the mineral rich Eurasia region.

GOING CONCERN

The directors consider that the Group entities and company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the consolidated and separate financial statements. The directors have satisfied themselves that the Group entities and company are in a sound financial position and that they have access to sufficient borrowing facilities to meet foreseeable cash requirements.

EVENTS AFTER THE REPORTING PERIOD

Barloworld entered into a Sale and Purchase Agreement ("SPA") with Tongaat Hulett Limited ("THL") on 28 February 2020 to acquire the Tongaat Hulett Starch business. The transaction was completed on 31 October 2020, being the transaction effective date. This purchase is done through Barloworld's wholly-owned subsidiary, KLL Group (Pty) Limited, which will hold the shares in Ingrain SA (Pty) Limited ("Ingrain").

Barloworld acquired Ingrain, being a different business to its existing business portfolio, to balance out the seasonality of its existing business to deliver a consistent return to shareholders.

The impact of COVID-19 has been considered up to 30 September 2020. Subsequent to year-end there have been no significant changes in the COVID-19 restrictions impacting our businesses and thus no subsequent events related to the COVID-19 crisis have occurred.

To the knowledge of the directors no further material events have occurred between the reporting date and the date of approval of these financial statements that would affect the ability of the users of the financial statements to make proper evaluations and decisions.

Accounting policies

DEFINITIONS

Refer to pages 178 for a list of financial terms used in the annual financial statements of Barloworld Limited (the Company) and consolidated financial statements.

BASIS OF PREPARATION

1. ACCOUNTING FRAMEWORK

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa. The historical cost convention is used except for certain financial instruments that are stated at fair value.

The basis of preparation is consistent with the prior year, except for the adoption of IFRS 16 Leases (IFRS 16) per note 37.1 to the financial statements. Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within International Financial Reporting Standards, have been disclosed.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

The Group has made the following accounting policy choices in terms of IFRS:

- Interest in associates and joint ventures are accounted for using the equity method (policy note 17).
- The cost model is applied in accounting for property, plant and equipment and leased assets (policy note 15).
- To subsequently measure equity instruments at fair value through other comprehensive income (OCI).
- To continue applying the hedge accounting principles in accordance with IAS 39 Financial Instruments.
- To apply the simplified approach for measuring the expected credit loss (ECL) on finance lease receivables.
- Elections made in applying IFRS 16 are included in note 37.1.
- All other accounting policies are in line with IFRS.

2. UNDERLYING CONCEPTS

The financial statements are prepared on the going concern basis.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are off-set, and the net amount reported only when a legally enforceable right to set off the amounts exists, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

EBITDA refers to Earnings before interest, taxes, depreciation, and amortisation.

Non-operating and capital items refer to expenses/income that are unrelated to Barloworld's core operations and fall outside the normal course of business. Items of income/expense included in non-operating and capital items are consistent with items that are 'out of' (excluded from) Headline Earnings Per Share (HEPS) in accordance with the JSE Listings Requirements and guidance published by the South African Institute of Chartered Accountants relating to HEPS.

All financial information has been rounded to the nearest million unless stated otherwise.

CURRENT VS NON-CURRENT

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Accounting policies which have been identified as involving particularly complex or subjective judgements or assessments are as follows:

REVENUE RECOGNITION

The percentage of completion method is applied to recognise revenue on long-term maintenance and repair contracts (MARC) in the Equipment and Automotive businesses as performance obligations are satisfied over time. Management exercises judgement in calculating the contract liabilities and contract assets which are based on the anticipated cost of repairs over the life cycle of the equipment, or motor vehicles, applied to the total expected future revenue arising from maintenance and repair contracts. For further detail refer to notes 2 for revenue, 20 for contract assets and 29 for contract liabilities of the annual financial statements. Detailed accounting policies have been disclosed in accounting policy note 9.

The significant assumption made to determine the stage of completion of contracts include:

- costs incurred to date to fulfil the performance obligations for MARC contracts;
- estimated costs to be incurred in fulfilling the performance obligations for MARC contracts;
- contract duration and mileage;
- contract expiry date;
- foreign currency movements;
- parts price and labour inflation; and
- projected income stream, specifically for Automotive business.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

In September 2019, management took the firm decision to dilute the Group's interest in the Avis Fleet business to a 50% shareholding, with the ultimate aim to form a joint venture ownership structure. In April 2020, management reconsidered this decision and concluded that this initiative will be placed on hold and, in this regard, no firm decisions have been made to the date of these financial statements. This position will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix. As management are no longer committed to the plan of disposing of the Group's controlling interest within the next twelve months the Avis Fleet business no longer satisfies the criteria to be held for sale in accordance with IFRS 5: Non-current assets held for sale and discontinued operations. Going forward Avis Fleet will be presented as part of continuing operations and the 2019 comparative financial information has been restated accordingly. Refer to note 21.1 for further details.

The remaining assets classified as held for sale relate to certain properties owned by the Equipment southern Africa business, all of which were classified as held for sale in prior year. The sale of these assets in the current year was delayed due to outbreak of COVID-19, which was unforeseen in the prior year. Management remain committed to the sale of these assets and given the progress made in advancing these transactions management have assessed that these sales are highly probably in the next 12 months. Given the reduced likelihood of executing on the plan to sell the Barlow Park property in the next 12 months management have concluded that this property no longer qualifies as held for sale and the asset has been included in continuing operations at 30 September 2020. For further detail, refer to note 22.2 included in the annual financial statements.

IMPAIRMENT OF ASSETS

GOODWILL AND INTANGIBLE ASSETS

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The company utilises a discounted cash flow valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by other valuation techniques. For further details of management's impairment assessments over goodwill and intangible assets refer to notes 12 and 13 included in the annual financial statements.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The recoverability of a financial asset is determined from the date it is recognised with a loss allowance recognised for expected losses determined at initial recognition. The Group measures the loss allowance at an amount equal to the life-time expected losses if credit risk on the financial asset has increased significantly since initial recognition.

The Group calculates the allowance for credit losses based on the expected credit loss (ECL) model to assess whether financial assets measured at amortised cost, finance lease receivables and contract assets collectively referred to as receivables (for impairment purposes only) are impaired.

Barloworld's financial asset portfolio is very diverse as a result of the Group's numerous and distinct operating segments which service a broad customer base (both industry wise and geographically) and hold a variety of financial assets. As such, the Group has rebutted the presumption that credit risk has significantly increased when financial assets are more than 30 days past due. Credit risk is considered to have significantly increased when supportable forward-looking information such as inflation and gross domestic product forecasts, the counterparties reputation and estimated financial position, the market conditions the counterparty operates in, the impact of technology and, particularly in relation to the Group's Equipment debtors, local economic and geopolitical indicators including commodity prices, supply/demand forecasts including mining production outputs, construction industry forecasts, and currency liquidity indicate that the financial asset would not be recoverable as contracted. In determining the ECL, receivables are grouped based on similar risks, the industry in which the customer operates, the regulatory environment, the size of the receivable and the historical payment history of the customer. ECLs are calculated using the historic loss ratio adjusted for forward-looking information. In instances where there was no evidence of historical write-offs, management judgement is applied to assess for potential credit losses.

For financial assets where the Group determines that recoverability is unlikely, such that the credit quality has significantly deteriorated and the assets are credit impaired, a life-time ECL is recognised, and interest income only accrues on the net amount (gross carrying amount less credit impairment). Default is considered to have occurred when a customer does not meet their contractual payment obligations. The Group considered this a sound basis as, in management's view, financial assets are credit impaired when the Group has not received contractual cash flows as contracted, efforts to recover the asset have not been successful and the customer's ability to pay is questionable. Where the Group determines there are no prospects of a customer meeting its contractual repayments, the related receivable is written off, and this occurs when the customer is handed over to legal for collection.

The Group recognises a loss allowance as a lifetime ECL on:

- trade receivables and contract assets; and
- finance lease receivables as an accounting policy choice.

The Group reassesses the lifetime ECLs at each reporting period and recognises any changes as an impairment gain or loss.

BUSINESS COMBINATIONS AND ASSOCIATED FINANCIAL LIABILITIES

A deferred earn out is payable to the seller of the Mongolian Caterpillar dealership. These payments are contingent on this business achieving certain distinct annual revenue targets from 1 September 2020 to 31 August 2024. The earn-out is payable each year and there is no cumulative "catch up" over the earn-out period. The financial liability for the earn-out payment was initially measured at a fair value based on management's forecasts for the Mongolian business as approved by the board. These forecasts involve the use of judgements and estimates including country growth prospects. This position will be re-evaluated at each reporting date with any changes in this estimate subsequently recognised in profit or loss and included in headline earnings.

POST-EMPLOYMENT BENEFIT OBLIGATIONS

Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Judgement is exercised by management, assisted by advisors, in adjusting mortality rates to take account of actual mortality rates within the schemes.

4. EMPLOYEE BENEFIT COSTS

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

5. DEFERRED TAXATION ASSETS AND LIABILITIES

Deferred taxation is recognised using the financial position liability method for all temporary differences, unless specifically exempt.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and such tax laws) that have been enacted or substantially enacted by the end of the reporting period.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Five-year business plans are prepared annually and approved by the boards of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation, and competitive forces. The plans contain profit forecasts and cash flows, and these are utilised in the assessment of the recoverability of deferred tax assets. Refer to note 12 for the inputs used in the assessment. Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable. In certain circumstances further corroborative evidence is used, such as tax planning opportunities within the control of management, to support the recovery of the tax asset.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects immediately neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

The Group has companies where deferred taxes are recognised for temporary differences that arise when an entity's taxable profit or loss (and thus the tax basis of its non-monetary assets and liabilities) are measured in a currency different to its functional currency. Changes in the exchange rate result in a deferred tax asset or liability which is charged to profit and loss.

6. FOREIGN CURRENCIES

The Group's presentation currency is South African Rand (R).

The US Dollar has been selected as the functional currency for the Group's operations across the majority of the African territories, Russia, and Mongolia. A combination of factors is considered in coming to this conclusion. These included the assessment of the economic environment where the operations are located and the currency that most influences the cost of goods and the pricing decisions.

The financial statements of entities within the Group whose functional currencies are different to the Group's presentation currency include the following significant currencies:

- US Dollar
- British Pound

Refer to the consolidated summary in other currencies which follows these consolidated financial statements for the exchange rates applied in the consolidation (spot and average rates).

CONSOLIDATED FINANCIAL STATEMENTS

7. BASIS OF CONSOLIDATION

The consolidated financial statements include the results and financial position of Barloworld Limited, its subsidiaries, joint ventures, associates, and other entities where there is no shareholding but over which the Group exercises control. Subsidiaries are entities which the Group has power over and in respect of which it is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over those entities. The results of any subsidiaries acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Total comprehensive income of the subsidiary is attributed to owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

All intra-Group transactions and balances are eliminated on consolidation. Unrealised profits that arise between Group entities are also eliminated.

All changes in the parent's ownership interests that do not result in the loss of control are accounted for within equity. The carrying amount of the Group's interest and the interest of the non-controlling shareholders is adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received are recognised directly in equity.

When an entity loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost and also derecognises the carrying amount of any non-controlling interests in the former subsidiary at that date. It recognises the fair value of any consideration received on the loss of control and recognises any of the investment retained in the former subsidiary at its fair value at the date when control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the Group.

8. OPERATING SEGMENTS

The Executive Committee, as chief operating decision-maker, has determined the operating segments based on the information it uses to allocate resources and assess segmental performance. Segments are analysed by operating activities. No operating segments have been aggregated in arriving at the reportable segments of the Group as presented in note 1.

Management evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the Group's treasury operations.

The activities of the Group's operating segments are described below:

- Equipment and Handling

  This segment delivers construction and mining equipment to the earthmoving industry across southern Africa, Russia and Mongolia.

- Automotive and Logistics

  The Automotive division of this segment comprises of the following world-class business units; Avis and Budget Rent a Car, Avis Fleet, and Motor Retail. The Logistics division of this segment includes supply chain solutions to a wide variety of industries.

- Corporate

  Corporate Office comprises the operations of the Group headquarters and treasury in Johannesburg, the UK Corporate operations and the operations of treasury in Maidenhead and the captive insurance company.

- Khula Sizwe

  Khula Sizwe comprises of the majority of the Group's properties in South Africa and rents these properties to various companies or divisions within Barloworld.

Note that the Russia and Mongolia operations are collectively referred to as Barloworld's Eurasia operations.

For information purposes only certain segmental disclosure is also provided along the geographical lines southern Africa, Europe (UK) and Eurasia (Russia and Mongolia).

INCOME STATEMENT

9. REVENUE

The Group recognises revenue from the following major sources:

- Sale of goods and parts (new and used)
- Sales of service and maintenance
- Rendering of services
- Commission income

Revenue from contracts with customers is recognised when the performance obligations for the transfer of goods and services are satisfied, this maybe over time or at a point in time, in the above major revenue sources. Revenue is recognised at the amount of the transaction price that is allocated to the specific performance obligations. The revenue is disaggregated based on the type of revenue. See note 2.

Revenue represents the invoiced amounts excluding those earned on behalf of others, value-added tax or the amount measured using the percentage of completion, except for rental income which is recognised on a straight-line basis.

As a practical expedient, Barloworld does not adjust the amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a good or service to a customer and when the customer pays for that good or service to be within one year.

In accordance with IFRS 15 *Revenue from Contracts with Customers*, Barloworld has elected to apply the practical expedient by considering a portfolio of contracts with customers and performance obligations with similar characteristics as specified above.

SALE OF GOODS AND PARTS

The sale of goods and parts includes:

- new and used Caterpillar earthmoving equipment, engines, and other complementary products, lift trucks, warehouse handling equipment and associated agricultural equipment (Equipment and Handling);
- new, used and demo motor retailing (Automotive); and
- recyclables and fast-moving consumer goods (Logistics).

Performance obligations from the sale of goods and parts are satisfied at a point in time. The point of delivery is where control over the goods is transferred to the customer and therefore the performance obligation is satisfied. Payment is then due as follows:

- Sales of new vehicles – ranges from cash on delivery to 30 days of invoice date.
- Sales of used vehicles – ranges from cash on delivery to 30 days of invoice date.

- Sales of new parts – ranges from cash on delivery to 90 days of invoice date.
- Sales of used parts – ranges from cash on delivery to 90 days of invoice date.
- Sales of new equipment – cash on delivery for construction machines and seven days from commissioning for mining machines.
- Sales of used equipment – cash on delivery unless financed under instalment sale agreement.

RENDERING OF SERVICES

Revenue from providing services includes:

- rental income earned on contracts shorter than 12 months outside of IFRS 16 (Automotive and Equipment);
- workshop, in-field support services and after sales services including equipment services, fitment, and repairs (Equipment and Handling);
- after sales services including vehicle services, fitment, and repairs (Automotive);
- vehicle fleet management services (Automotive); and
- logistics services and supply chain management solutions (Logistics).

Revenue from rendering services is long term in nature and is recognised over the life of the plan in the accounting period in which the services are rendered (over time).

The percentage of completion (input) method, based on the costs incurred to date as a percentage of total estimated costs to be incurred to fulfil the performance obligations, is applied to recognise revenue on long-term maintenance and repair contracts (MARC) in the Equipment and Automotive businesses as a result of the performance obligations being satisfied over time. This method best depicts the transfer of services to customers as the costs incurred to date is indicative of the Group's satisfaction of the performance obligations under revenue contracts with its customers.

As part of the MARC contracts the Group receives monthly instalments from customers for the duration of the contract towards the maintenance and repair services to be performed in future.

For transport services in Logistics – for shorter trips locally, revenue is recognised at a point in time (same day delivery) but for longer trips (cross-border) it is recognised overtime based on the kilometres travelled to date over the total kilometres expected to be travelled to satisfy the promised transportation service (percentage of completion for input method).

The amount to be recognised as revenue over-time, typically long-haul transport services, is determined by taking the total expected revenue from the fulfilment of the obligations multiplied by the percentage of completion.

For supply chain management solutions in Logistics – revenue is recognised over time using the input method where costs incurred are compared to the total expected costs to be incurred on the contract.

COMMISSION INCOME

The Group is an agent, and earns commission income, in the sale and auctioning of goods through Automotive. In these arrangements, the Group does not recognise the gross amount as revenue but only the fee consideration it expects to be entitled to. Commission income is recognised at the point when the performance obligation which gives rise to the commission income is satisfied.

WARRANTY CLAIMS

Service and Assurance type warranties are provided on certain equipment, spare parts and services supplied to customers. Management exercises judgement in establishing provisions required on the basis of claims notified and past experience.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the estimated expenditure required to settle the Group's obligation. Warranties have not been identified as distinct performance obligations from the sale of the goods it relates to.

Within the Equipment and Automotive divisions warranties are provided on certain equipment based on warranties supplied by the OEMs (original equipment manufacturers) for spare parts and service supplied to customers. Management exercises judgement in establishing provisions required on the basis of claims notified and past experience. For further detail refer to note 25 included in the annual financial statements.

Within the Equipment business certain sales are executed through sale and leaseback arrangements with financial institutions, whereby Barloworld sells the equipment to the financial institution and leases the equipment back to Barloworld. The initial sale to the financial institution meets the requirements of IFRS 15 for revenue recognition and is treated as an outright sale. In such transactions, the performance obligation is satisfied when Barloworld and the financial institution sign the certificate of delivery and payment is due on delivery. These leaseback agreements are generally for periods of less than 12 months, however, the leaseback results in an on balance sheet lease liability and right of use asset for Barloworld and these are treated as finance leases as the short-term lease exception does not apply to sale and leaseback transactions in terms of IFRS 16, with the resultant on-leasing of this right of use asset to an end-customer being accounted for as finance leases from Barloworld's perspective as lessor to the end-customer. Further the Group does not bear credit risk or any residual risk on these leases and no bargain purchases exist for the benefit of the Group.

For further detail refer to note 2 included in the annual financial statements.

CONTRACT LIABILITY

A contract liability is recognised within the Equipment and Automotive divisions on receipt of the instalment or upfront payments, before performance obligations are satisfied, which is released to the income statement as revenue as the related performance obligations are satisfied and is non-refundable.

CONTRACT ASSET

A contract asset is recognised within Equipment and Logistics when performance obligations (contractual maintenance and repair services/transport and logistics services) are gradually satisfied over time, for which revenue is recognised, and the customer has not been billed. The contract asset is derecognised when the customer is invoiced, and a trade receivable is recognised with the difference between the contract asset derecognised and trade receivable recognised as revenue or an impairment loss.

10. FINANCE COSTS

Interest on financial liabilities measured at amortised cost is calculated using the effective interest rate method.

For further detail refer to note 5 included in the annual financial statements.

11. INCOME FROM INVESTMENTS

Interest income is accrued on a time basis on financial assets measured at amortised costs using the effective interest method.

12. TAXATION

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged to other comprehensive income, in which case it is also recognised in other comprehensive income.

STATEMENT OF FINANCIAL POSITION

13. BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method.
The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Acquisition-related costs are accounted for as an expense when incurred and included in the operating profit line of the consolidated income statement.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration (financial liability representing an obligation to settle the contingent consideration) is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.
The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

14. GOODWILL

Goodwill is initially recognised and measured as set out in accounting policy note 13 above.

Goodwill is not amortised but is reviewed for impairment at least annually, and when there are indicators of impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is stated at cost less impairment losses and is not amortised.

15. PROPERTY, PLANT AND EQUIPMENT (PPE)

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment with the exception of vehicle rental fleet assets (see below) are depreciated over its useful life taking into account residual values, where appropriate.

The actual lives and usage of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives and usage, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Buildings	Straight-line	20 to 50 years
Plant	Straight-line	5 to 35 years
Vehicles	Straight-line	5 to 10 years
Equipment	Straight-line	5 to 10 years
Furniture	Straight-line	3 to 15 years
Equipment rental assets	Usage	2 to 5 years

VEHICLE RENTAL FLEET ASSETS

Vehicle rental fleets are accounted for as part of property, plant and equipment as they are held for rental to others. Once a vehicle is no longer utilised as part of the rental fleet, it is transferred to inventory. This accounting treatment is applied where it is in the ordinary course of the Group's activities to routinely sell PPE that it has held for rental to others. The transfer of such assets to inventories is done at the assets' carrying amount. The proceeds from the sale of such assets are recognised as revenue.

Vehicle rental fleet assets are vehicles held for rental purposes for a period of up to 12 months which are generally sold at their calculated residual values. Short term vehicle rental fleets are depreciated to guaranteed residual value or by 20% per annum where no residual values have been guaranteed.

The Group classifies vehicle rental fleet assets as current assets when they are held for rental for a period less than 12 months and then subsequently held for sale. These assets are primarily realised through sale after being rented to customers for less than a period of 12 months.

16. INTANGIBLE ASSETS

Intangible assets are initially recognised at cost if acquired separately or at fair value if acquired as part of a business combination.

The following methods and rates were used during the year to amortise the intangible assets:

Capitalised software	Straight-line	2 to 7 years
Patents	Straight-line	10 years
Trademarks	Straight-line	10 to 20 years
Customer relationships	Straight-line	5 to 6 years
Supplier relationships	Indefinite useful life	N/A

Supplier relationships are measured initially at fair value as part of a business combination. Supplier relationships are separately identifiable intangible assets from distribution agreements with suppliers specifying sales objectives, territory presence and service levels to be provided. Supplier relationships arise from the Group's long-standing relationships with its principals, namely Caterpillar. Contractually, these relationships do not have a finite term, thus qualifying as indefinite intangible assets. Supplier relationships are tested for impairment annually. Refer to note 13 for further details.

Customer relationships are measured initially at fair value as part of a business combination.

Development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise development costs are recognised in profit or loss.

17. INTEREST IN SUBSIDIARIES

Investments in subsidiaries are measured at cost less accumulated impairment.

18. INTERESTS IN ASSOCIATES AND JOINT VENTURES

The Group has investments in associates and joint ventures in which it holds an equity interest. These investments are not controlled as the Group does not have the power to direct the relevant activities, and there are no other arrangements granting the Group this power, which are decided through majority vote of the board.

Associates and joint ventures are measured using the equity method of accounting, applying the Group's accounting policies, from the acquisition date to the disposal date. The most recent audited annual financial statements of associates and joint ventures are used, which are all within three months of the year-end of the Group. Adjustments are made to the associate's or joint ventures financial results for material transactions and events in the intervening period.

19. INVENTORIES

Inventories are diverse and materially consist of the following:

- Finished goods which include vehicles and machines.
- Work in progress relating to above mentioned finished goods.
- Merchandise such as parts, etc.

Specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in-first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

ALLOWANCE FOR NET REALISABLE VALUE OF INVENTORY

Equipment inventory consists of machines, parts, and work-in-progress.

Machine inventory is reviewed by country and by machine model taking into account the ageing, market demand and condition of the machine to determine the net realisable value.

Parts inventory is categorised as follows:

- Strategic parts with longer lead times or parts required to support new machine models;
- Non-strategic parts that are generally faster moving parts;
- Perishable parts with a limited shelf life;
- Remanufactured components;
- Returnable and non-returnable parts; and
- Rebuilt components.

Obsolete, slow-moving, and damaged inventories are identified for each parts category. Returnable slow-moving parts are reduced to the net realisable value based on inventory returns and by applying a sliding provisioning scale.

Automotive inventory consists of new, used and demo vehicles as well as parts stock. The net realisable value of all used, demo and parts stock are assessed at every reporting date taking into account the ageing, condition, and the current market demand for such items.

Rental assets that become available for sale after being removed from rental fleets are transferred to inventories (policy note 19) at their carrying amount. Sale proceeds from such rental assets are recognised as revenue in accordance with policy note 9.

20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (FINANCIAL INSTRUMENTS)

The Group's financial instruments comprise:

- investments in equity securities;
- loans receivable;
- trade and other receivables (excluding prepayments);
- cash and cash equivalents;
- borrowings;
- bank overdrafts;
- derivatives;
- trade and other payables; and
- other non-current liabilities.

CLASSIFICATION OF FINANCIAL ASSETS

The Group classifies financial assets into the following categories:

- Fair value through profit or loss (FVTPL).
- Amortised cost (AC).
- Fair value through other comprehensive income (FVTOCI).

Financial assets are classified in their entirety based on how their performance is managed and evaluated (business model), and the characteristics of their contractual cash flows.

Financial assets are classified and subsequently measured as follows:

Financial asset	Measurement category
Derivatives	FVTPL
Trade and other receivables (excl. prepayments)	AC
Derivatives (cash flow hedge)	FVTOCI
Debt instruments	AC
Cash and cash equivalents	AC
Investment in equity securities	FVTOCI

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

CLASSIFICATION OF FINANCIAL LIABILITIES

The Automotive and Equipment businesses utilise floor plan and trade financing facilities to efficiently manage working capital flows.

Judgement is exercised regarding whether these arrangements constitute trade payables or debt. Factors considered include the currency in which the financing arrangements are settled, the repayment terms of the facilities relative to standard supplier payment terms and the existence of breakage costs on these facilities. To ensure comparability and consistency, current industry practices are also considered as part of this determination. These floor plans are classified as payables (interest bearing) as presented noted in note 28.

SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

All financial liabilities, excluding derivative liabilities, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value through profit or loss.

21. POST-EMPLOYMENT BENEFIT OBLIGATIONS

It is the policy of the Group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end, the Group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements. The Group also guarantees a funded defined benefit scheme for qualifying employees in the United Kingdom.

Payments to defined contribution plans are recognised as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the Group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised in profit and loss immediately to the extent that the benefits are already vested. Otherwise they are amortised on a straight-line basis over the average period until the amended benefits become vested. Finance costs are also recognised in profit and loss.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for the unrecognised past service costs and reduced by the fair value of plan assets. Any asset is limited to the unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

TRANSACTIONS AND EVENTS

22. HEDGE ACCOUNTING

Foreign currency hedging instruments are used to manage the Group's currency and interest rate exposures. Details of the Groups risk management policies and practices are outlined in note 34.

All hedging relationships are designated as cash-flow hedges. If these cash flow hedges meet the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge. When the transaction that gave rise to a firm commitment is recognised, the reserve is derecognised and capitalised to the item as a basis adjustment.

The Group still applies IAS 39 for hedge accounting.

Thus in terms of IAS 39.97 the following accounting is used:

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income in accordance with paragraph 95 shall be reclassified from equity to profit or loss as a reclassification adjustment (see IAS 1 (as revised in 2007)) in the same period or periods during which the hedged forecast cash flows affect profit or loss (such as in the periods that interest income or interest expense is recognised). However, if an entity expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into profit or loss as a reclassification adjustment the amount that is not expected to be recovered.

In terms of IAS 39.98 If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the entity shall adopt (a) or (b) below. Barloworld as noted above has chosen option (b) and thus recognises a basis adjustment.

(a) It reclassifies the associated gains and losses that were recognised in other comprehensive income in accordance with paragraph 95 to profit or loss as a reclassification adjustment (see IAS 1 (revised 2007)) in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that depreciation expense or cost of sales is recognised). However, if an entity expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it shall reclassify from equity to profit or loss as a reclassification adjustment the amount that is not expected to be recovered.

(b) It removes the associated gains and losses that were recognised in other comprehensive income in accordance with paragraph 95 and includes them in the initial cost or other carrying amount of the asset or liability.

23. LEASING

The Group assesses whether a contract is or contains a lease, at inception of the contract.

The Group has applied IFRS 16 from 1 October 2019 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

IAS 17 Leasing Accounting policies for the year ended 30 September 2019

IN THE CAPACITY OF A LESSOR

Long-term vehicle fleet is leased to customers for periods ranging from 24 to 60 months as finance leases. For further detail refer to policy note 3 for impairment of lease receivables and notes 15 and 19 included in the annual financial statements.

Rental income: this consists of rental of Caterpillar earthmoving equipment, engines, and other complementary products (Equipment and Handling); fleet management solutions and short-term vehicle rentals (Automotive)

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

In the statement of cash flows, the cash payments to acquire assets held for rental and subsequently held for sale, and receipts from rentals and sales of such assets are presented as part of operating activities.

IN THE CAPACITY OF A LESSEE

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (R85 000). For these leases, the Group recognises the lease payments as an operating expense 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.

LEASE TERM

The lease term is the non-cancellable period of the lease plus any optional renewal period less any optional early terminations where it is reasonably certain that the options will be exercised. The lease term was determined considering these options, where applicable, and involves judgement to determine whether the options will be exercised on a lease-by-lease basis. The following factors were considered in determining whether it is reasonably certain the options will be exercised, thus whether there is an economic incentive to exercise:

- the strategic objectives of the business and annual business plans that observe a five-year cycle;
- whether the terms and conditions of the current lease are more favourable than the current market conditions;
- the proximity of the leased premises to core customers and other business hubs;
- specifics for the premises/assets leased and any leasehold improvements, such as workshops or office building, undertaken by the Group which are optimised to business needs;
- costs relating to the termination of the lease;
- the availability of similar/alternative assets in the market suitable to the business needs; and
- all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Lease payments are allocated between finance costs and the capital repayments, using the effective interest method.

LESSEE'S INCREMENTAL BORROWING RATE (IBR)

The lease liability is initially measured at the present value of the lease payments 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 lessee uses its incremental borrowing rate.

The Group engaged an external service provider to determine the IBR's which were distributed to and used by all divisions except for Barloworld Transport for the lease of trucks and trailers as the implicit rate could be determined from the contracts. The following judgements and estimates were applied in determining the rate implicit in the leases for Barloworld Transport:

- The purchase price of the assets is known from the invoice/contract.
- The lessors specify the residual value of the assets at the end of the lease period.
- The leases are secured by the asset and there are separate contracts for each truck and trailer.
- The present value, number of payments and actual payments are specified in the contracts.

- The contracts have no option for extensions and no escalations.

Right of use assets are depreciated over the shorter of the lease term or their useful lives using the following methods and rates:

Land and buildings	Straight-line	1 to 29 years
Plant, equipment, and IT	Straight-line	1 to 6 years
Vehicles	Straight-line	1 to 8 years

For further detail refer to notes 11 for right-of-use asset and 27 for lease liabilities included in the annual financial statements.

IAS 17 Leasing Accounting policies for the year ended 30 September 2019

CLASSIFICATION

Leases are classified as finance leases or operating leases at the inception of the lease. Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

IN THE CAPACITY OF A LESSOR

Long-term vehicle fleet is leased to customers for periods ranging from 24 to 60 months as finance leases.

IN THE CAPACITY OF A LESSEE

The majority of finance leases are entered into as lessee for land and buildings, motor vehicles and rental fleets.

Within the Equipment business certain sales are executed through sale and lease arrangements with financial institutions, whereby Barloworld sells the equipment to the financial institution and leases the equipment back to Barloworld. In such transactions, the performance obligation is satisfied when Barloworld and the financial institution sign the certificate of delivery. In such transactions, payment is due on delivery. The Group does not bear credit risk or any residual risk on these leases and no bargain purchases exist for the benefit of the Group. Therefore, the leases are classified as operating leases. These arrangements result in the derecognition of assets in instances where control over the assets is assessed as having passed to the purchaser.

24. SHARE-BASED PAYMENTS

EQUITY-SETTLED SHARE OPTIONS

Executive directors and senior executives have been granted equity-settled share options in terms of the Barloworld Share Option Scheme.

After the date on which the options are exercisable and before the expiry date, the options can be exercised to purchase shares for cash in which event the shares issued are accounted for in share capital and share premium at the amount based on the exercise price.

FORFEITABLE SHARE PLAN

Executive directors and senior executives have been granted equity-settled shares in terms of the Barloworld Forfeitable Share Plan (FSP). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

EQUITY-SETTLED SHARE APPRECIATION RIGHTS

Equity-settled share appreciation rights have been granted to employees in terms of the Barloworld Share Appreciation Rights scheme (SAR). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

CASH-SETTLED SARS AND FSPs

Cash-settled share appreciation rights and FSPs granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss.

Fair value is measured using a binomial pricing model.

For the purpose of the Trusts formed for the benefit of Barloworld Group employees and as structures established for the purpose of executing share-based payment transactions, Barloworld Limited assumes the Trust's rights and obligations. The Trusts have no decision-making powers as all the activities of the Trust are determined by Barloworld upfront at the signing of the Trust Deeds. As such, these trusts are consolidated into the Group.

25. FINANCIAL GUARANTEE CONTRACTS AND CONTRACT LIABILITIES

Commitments and contingencies on Risk Share Agreements – Equipment southern African and Equipment Russia.

Our equipment businesses, as part of the ordinary course of business, have entered into a risk sharing arrangements with certain Caterpillar subsidiaries (financing arms of Caterpillar) in terms of which Barloworld will fund a certain percentage of losses suffered by Caterpillar in the event that certain higher risk customers default on their commitments.

These guarantees will result in the recognition of a financial liability (financial guarantee) in the statement of financial position, recognised as an ECL balance to the extent that the underlying customer defaults, or is expected to default, on their obligations to Caterpillar. These are financial instruments as there is a contractual obligation to pay cash should a default occur. A customer is considered to have defaulted when they have not met their contractual obligations for payment due to Caterpillar. In determining expected default, the forward-looking factors under the expected credit loss model for receivables are applied.

Financial guarantees are initially recognised in the financial statements (within trade and other receivables) at fair value, being the premium received. Subsequent to initial recognition, Barloworld's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance as set out in note 19.

The premium received is recognised in the income statement in net fees and commission income on a straight-line basis over the life of the guarantee. Financial guarantee contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees is not recorded in the statement of financial position. The nominal values of these instruments together are disclosed in note 34. The ECL recognised is disclosed in note 19.

CONTRACT LIABILITIES

A contract liability for Automotive and Equipment to incur contractual costs of service, maintenance, and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the plans is recognised. Actuarial experts are used to determine the inputs required to establish the adequacy of the liability and the resulting revenue to be recognised and the final liability. This valuation takes into account the future usage; maintenance, tyres and service costs of each vehicle projected based on the estimated future usage and the experience adjusted maintenance tables. Funds for which there are insufficient claims history are recognised in profit and loss to the extent of the claims cost incurred without any profits being attributed.

At the end of the plan, any remaining profits are recognised in profit and loss. When these contracts contain a significant financing component, the transaction price is adjusted for the financing component and the financing component is recognised separately as financing expense over the life of the plan.

26. CLASSIFICATION OF CASH FLOW ACTIVITIES

For the purposes of the cash flow statement the following are classified as operating activities due to the nature of the operations they relate to:

- Investment in Car Rental Vehicles
- Investment in Fleet and Rental Assets

CONSIDERATION OF THE IMPACT OF COVID-19

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a global pandemic. On 15 March 2020, the President of the Republic of South Africa declared COVID-19 a national disaster and announced a mandatory lockdown with the exception of essential services which has over time been eased in a staged approach. Similar responses were also announced by governments in the various other countries in which Barloworld operates. All businesses within Barloworld continued to support the essential services to varying degrees of operation and resumed full operations over the course of June/July 2020. Given the complexity of the COVID-19 pandemic and the inability to isolate this crisis from the global economic downturn, particularly that in South Africa, it is not possible to reliably quantify the financial impact COVID-19 alone has had on the Group.

That said, the evolution of COVID-19 and the resulting economic impacts in the territories in which we operate has been considered in determining significant judgements and estimates at 30 September 2020.

Further information on our consideration of COVID-19 and its impact on our business are provided below and in the commentary that accompanies the financial statements:

- Impairment assessments of goodwill and indefinite intangible assets notes 12 and 13.
- Impairment assessments of investments in associates and joint ventures note 14.
- Impairment of property, plant and equipment note 10.
- Impairment of right-of-use assets note 11.
- Expected credit losses on receivables Notes 15 and 19.
- Write-down of inventories note 18.
- Events after the reporting period note 42.

In addition to the financial impact that COVID-19 has had on our existing businesses the pandemic has also affected the Group's strategy to unlock value through dilution of the Group's interest in the Avis Fleet business. With due consideration of the economic environment that has emerged as a result of the COVID-19 pandemic and specifically, the reduced likelihood of successfully concluding the transaction in the next 12 months, management reconsidered the decision in April 2020 and concluded that this initiative will be placed on hold. In the current year, Avis Fleet has thus been presented as part of continuing operations and comparative information has been restated accordingly. Similarly, the property industry has been significantly impacted by COVID-19 which not only delayed the transfer of properties to Khula Sizwe but has also resulted in a re-assessment of our development plans for Barlow Park. Given the reduced likelihood of executing on the plan to sell the Barlow Park property in the next 12 months management have concluded that this property no longer qualifies as held for sale and the asset has been included in continuing operations at 30 September 2020. The Group's position on these initiatives will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix.

The execution of the Group's growth ambitions was also impacted by COVID-19 with the acquisition of the Mongolian Caterpillar business only concluding on 1 September 2020. The material adverse change process, which also arose due to COVID-19, also impacted on the conclusion of the Tongaat Hulett Starch acquisition with the effective date of this transaction taking place after year-end on 31 October 2020 (refer to events after the reporting date note 42).

GOING CONCERN

As at 30 September 2020 the Group remained compliant with all financial covenants and was solvent and liquid. Management and the board continuously assess the impact of COVID-19 and we are adapting our operations to this "new normal". The health and safety of our employees, customers and suppliers remains our first priority. We have a robust and diversified business model and we have already taken proactive measures to ensure the sustainability of our business, including executing on our growth agenda through the acquisitions of the Mongolian Caterpillar business and Tongaat Hulett Starch ("Ingrain").

We remain focussed on acquisitive growth and the optimisation of our existing businesses through cost containment, cash preservation and maintaining liquidity. The forecasts used in assessing the going concern assumption involved significant judgements and estimates regarding the impact of this crisis on the Group, namely our forecast activity levels, the impact of cost containment measures including reduced salaries for management and a reduction in our workforce, rental and other payment holidays, working capital requirements and commitments with our suppliers. Our forecasts assume that the Group will continue to trade with no restrictions and that our market share across the various industries we operate in will be maintained. We have forecast a prolonged recovery period in the majority of our businesses and particular within the Automotive and Logistics segment.

We have engaged our primary lenders and obtained a relaxation of our EBITDA: Interest cover covenant level for the 30 September 2020 measurement period from 3.5 times cover to 2.5 times cover. Further to this, in the year we have refinanced R950 million in Bonds and Commercial paper, in the process of increasing our DMTN programme by R5 billion to R15 billion (of which R9.4 billion is utilised) and we have refinanced our R1 billion loan facility which matured in September 2020 for a further three year period. At 30 September 2020 the Group had unutilised committed bank facilities of R15.6 billion (2019: R10.6 billion).

Considering the above factors, the board was satisfied that the Group was sufficiently solvent and liquid to be able to support the operations for the next 12 months. As such, the consolidated annual financial statements have been prepared on the going concern basis.

Consolidated income statement

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2020 Rm	Restated* 2019 Rm
CONTINUING OPERATIONS			
Revenue	2	**49 683**	60 206
Operating profit before items listed below		**5 122**	6 547
Impairment losses on financial assets and contract assets	3	**(292)**	(75)
Depreciation		**(2 661)**	(2 387)
Amortisation of intangible assets		**(136)**	(115)
Operating profit before B-BBEE transaction charge		**2 033**	3 970
B-BBEE transaction charge	3.1	**(236)**	(73)
Operating profit	3	**1 797**	3 897
Fair value adjustments on financial instruments	4	**(340)**	22
Finance costs	5	**(1 274)**	(1 134)
Income from investments	6	**155**	203
Profit before non-operating and capital items		**338**	2 988
Non-operating and capital items comprising of:			
Impairment of investments	14	**(194)**	(25)
Impairment of goodwill	12	**(702)**	
Impairment of indefinite life intangible assets	13	**(708)**	
Impairment of property, plant and equipment, intangibles and other assets	10,11	**(303)**	(127)
Fair value gain on initial recognition of associate	14		212
Other non-operating and capital items	7	**7**	15
(Loss)/profit before taxation		**(1 562)**	3 063
Taxation	8	**(889)**	(850)
(Loss)/profit after taxation		**(2 451)**	2 213
(Loss)/income from associates and joint ventures	14	**(48)**	231
(Loss)/profit for the year from continuing operations		**(2 499)**	2 444
DISCONTINUED OPERATIONS			
Profit from discontinued operations	22		33
(Loss)/profit for the year		**(2 499)**	2 477
Attributable to:			
Owners of Barloworld Limited		**(2 476)**	2 428
Non-controlling interests in subsidiaries		**(23)**	49
		(2 499)	2 477
(Loss)/earnings per share from Group (cents)			
– basic	9	**(1 236.0)**	1 150.2
– diluted	9	**(1 236.0)**	1 146.9
(Loss)/earnings per share from continuing operations (cents)			
– basic	9	**(1 236.0)**	1 134.6
– diluted	9	**(1 236.0)**	1 131.3
Earnings per share from discontinued operation (cents)			
– basic	9		15.6
– diluted	9		15.6

* The restatement is due to Avis fleet no longer being classified as a discontinued operation, the restatement of impairment losses on financial assets and contract assets and the disaggregation of non-operating and capital items (Refer to note 36).

Consolidated statement of other comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER

	2020 Rm	2019 Rm
(Loss)/profit for the year	**(2 499)**	2 477
Items that may be reclassified subsequently to profit or (loss):	**1 190**	553
Exchange gain on translation of foreign operations	**1 244**	527
Translation reserves realised on disposal of subsidiaries	**(41)**	
(Loss)/gain on cash flow hedges	**(24)**	32
Deferred taxation on cash flow hedges	**11**	(6)
Items that will not be reclassified to (loss) or profit:	**(139)**	(488)
Actuarial losses on post-retirement benefit obligations	**(172)**	(588)
Taxation effect of net actuarial losses	**33**	100
Other comprehensive income for the year, net of taxation	**1 051**	65
Total other comprehensive (loss)/income for the year	**(1 448)**	2 542
Total other comprehensive (loss)/income attributable to:		
Barloworld Limited shareholders	**(1 425)**	2 493
Non-controlling interest in subsidiaries	**(23)**	49
	(1 448)	2 542

Consolidated statement of financial position

AT 30 SEPTEMBER

	Notes	2020 Rm	Restated* 2019 Rm
ASSETS			
Non-current assets		**20 470**	19 206
Property, plant and equipment	10	**12 239**	12 062
Right-of-use assets	11	**1 611**	
Goodwill	12	**1 352**	1 700
Intangible assets	13	**1 632**	1 558
Investment in associates and joint ventures	14	**2 148**	2 253
Finance lease receivables	15	**187**	157
Long-term financial assets	16	**287**	710
Deferred taxation assets	17	**1 014**	766
Current assets		**27 379**	27 855
Vehicle rental fleet	10	**1 889**	3 137
Inventories	18	**10 170**	8 328
Trade and other receivables	19	**7 916**	8 052
Contract assets	20	**514**	981
Taxation		**147**	83
Cash and cash equivalents	21	**6 743**	7 274
Assets classified as held for sale	22	**29**	327
Total assets		**47 878**	47 388
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	23	**(1 121)**	441
Other reserves		**5 856**	4 523
Retained income		**14 769**	18 659
Interest of shareholders of Barloworld Limited		**19 504**	23 623
Non-controlling interest		**246**	272
Interest of all shareholders		**19 750**	23 895
Non-current liabilities		**11 251**	7 930
Interest-bearing	24	**5 897**	4 621
Deferred taxation liabilities	17	**806**	572
Lease liabilities	27	**1 977**	
Provisions and other accruals	25	**129**	123
Contract liabilities	29	**436**	367
Other non-current liabilities	26	**2 006**	2 247
Current liabilities		**16 877**	15 485
Trade and other payables	28	**11 096**	10 179
Contract liabilities	29	**1 272**	870
Lease liabilities	27	**351**	
Provisions and other accruals	25	**622**	601
Taxation		**38**	87
Amounts due to bankers and short-term loans	30	**3 498**	3 748
Liabilities directly associated with assets classified as held for sale	22		78
Total equity and liabilities		**47 878**	47 388

* The restatement in 2019 is due to Avis fleet no longer being classified as a discontinued operation, the restatement of an error on the inventory, trade and other payables, other non-current liabilities and contract liabilities (Refer to note 36).

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	Share capital and premium Rm	Foreign currency translation reserves Rm	Cash flow hedging reserves Rm	Revaluation and legal reserves Rm
Balance at 1 October 2018		441	3 987	(8)	146
Other comprehensive income			527	26	
Profit for the year					
Total comprehensive income for the year		441	4 514	18	146
Cumulative adjustments for adoption of new standards					
Other reserve movements				(11)	
Other changes in non-controlling interest					
Deconsolidation of subsidiary					
Dividends	31				
Balance at 30 September 2019		441	4 514	7	146
Cumulative adjustments for new standards					
Adjusted opening balance for IFRS 16		**441**	**4 514**	**7**	**146**
Other comprehensive income			**1 203**	**(13)**	
Loss for the year					
Total comprehensive income for the year		**441**	**5 717**	**(6)**	**146**
Share buy back		**(1 562)**			
Khula Sizwe B-BBEE charges					
Equity settled IFRS 2 charges					
Share scheme receipts					
Acquisition of subsidiary					
Disposal of subsidiaries					**16**
Transfer of reserves					**(15)**
Other reserve movements				**(12)**	
Other changes in non-controlling interest					
Dividends	31				
Balance at 30 September 2020		**(1 121)**	**5 717**	**(18)**	**147**

Foreign Currency Translation Reserve: This reserve accounts for the difference between the translation of assets, liabilities of the Group's non-ZAR functional currency entities into ZAR at the period end rate versus the historical rate applied to the income statement/equity of these entities. Movements in the year represent the current year currency differences between period end spot and the historical average.

	2020 Cents	2019 Cents
Dividend per share*		690

* Refer to the detailed dividends per share on note 31.

Equity compensation reserves Rm	Total reserves Rm	Retained income Rm	Net actuarial losses on post-retirement benefits Rm	Total retained income Rm	Attributable to Barloworld Limited shareholders Rm	Non-controlling interest Rm	Interest of all shareholders Rm
69	4 194	20 098	(2 500)	17 598	22 233	517	22 750
	553		(488)	(488)	65		65
		2 428		2 428	2 428	49	2 477
69	4 747	22 526	(2 988)	19 538	24 726	566	25 292
		20		20	20		20
(213)	(224)	129		129	(95)	23	(72)
						173	173
		(4)		(4)	(4)	(457)	(461)
		(1 024)		(1 024)	(1 024)	(33)	(1 057)
(144)	4 523	21 647	(2 988)	18 659	23 623	272	23 895
		(281)		**(281)**	**(281)**		**(281)**
(144)	**4 523**	**21 366**	**(2 988)**	**18 378**	**23 342**	**272**	**23 614**
	1 190		**(139)**	**(139)**	**1 051**		**1 051**
		(2 476)		**(2 476)**	**(2 476)**	**(23)**	**(2 499)**
(144)	**(5 713)**	**18 890**	**(3 127)**	**15 763**	**21 917**	**249**	**22 166**
					(1 562)		**(1 562)**
223	**223**				**223**		**223**
60	**60**				**60**		**60**
(88)	**(88)**				**(88)**		**(88)**
						8	**8**
	16	**74**		**74**	**90**		**90**
(39)	**(54)**	**54**		**54**			
(3)	**(14)**	**(8)**		**(8)**	**(22)**		**(22)**
						2	**2**
		(1 114)		**(1 114)**	**(1 114)**	**(13)**	**(1 127)**
10	**5 856**	**17 896**	**(3 127)**	**14 769**	**19 504**	**246**	**19 750**

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2020 Rm	Restated* 2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**50 747**	60 450
Cash paid to employees and suppliers		**(44 867)**	(53 211)
Cash generated from operations before investment in rental fleets and leasing receivables	A	**5 880**	7 239
Inflow of investment in leasing receivables		**65**	161
Fleet leasing and equipment rental fleet		**(673)**	(1 118)
Additions		**(2 347)**	(2 940)
Proceeds on disposal		**1 674**	1 822
Vehicles rental fleet		**524**	(809)
Additions		**(2 192)**	(3 546)
Proceeds on disposal		**2 716**	2 737
Cash generated from operations		**5 796**	5 473
Finance costs^		**(1 274)**	(1 134)
Realised adjustments on financial instruments		**(223)**	(130)
Dividends received from investments, associates and joint ventures		**20**	72
Interest received		**155**	204
Taxation paid	B	**(933)**	(774)
Cash inflow from operations		**3 541**	3 711
Dividends paid (including non-controlling interest)		**(1 127)**	(1 057)
Cash retained from operating activities		**2 414**	2 654
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	C	**(2 766)**	(5)
Proceeds on disposal of subsidiaries	D	**14**	(84)
Investments realised		**367**	114
Acquisition of intangible assets		**(84)**	(163)
Proceeds on disposal of intangible assets			5
Acquisition of property, plant and equipment		**(536)**	(633)
Replacement capital expenditure		**(254)**	(154)
Expansion capital expenditure		**(282)**	(479)
Proceeds on disposal of property, plant and equipment		**39**	119
Net cash used in investing activities		**(2 966)**	(647)

	Notes	2020 Rm	Restated* 2019 Rm
Net cash (outflow)/inflow before financing activities		**(552)**	2 007
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased for equity-settled share-based payments		**(87)**	(122)
Share buy back		**(1 562)**	
Non-controlling interest loan contribution			9
Proceeds from Khula Sizwe black public equity funding			164
Proceeds from long-term borrowings		**2 760**	69
Repayment of long-term borrowings		**(1 978)**	(1 449)
Movement in short-term interest-bearing liabilities		**444**	(1 529)
Repayment of lease liabilities		**(343)**	
Net cash used in financing activities	E	**(766)**	(2 858)
Net decrease in cash and cash equivalents		**(1 318)**	(851)
Cash and cash equivalents at beginning of year		**7 274**	7 893
Cash and cash equivalents held for sale at the beginning of year		**29**	19
Effect of foreign exchange rate movement on cash balance		**443**	71
Effect of foreign exchange rate movement on USD denominated cash		**(187)**	171
Cash balance held in Escrow		**502**	
Effect of cash balances classified as held for sale			(29)
Cash and cash equivalents at end of year		**6 743**	7 274
Cash balances not available for use due to reserving restrictions (note 21)		**546**	188

* Restated for the following line items: investment in leasing receivables (reclassified), acquisition of subsidiaries and intangibles (separately reported), investments realised (separately reported) and proceeds on disposal of subsidiaries. Refer to note 36.

^ The finance costs in the 2020 financial year includes interest on lease liabilities (refer to note 5).

Notes to the consolidated cash flow statement

FOR THE YEAR ENDED 30 SEPTEMBER

		2020 Rm	Restated* 2019 Rm
A.	**CASH GENERATED FROM OPERATIONS IS CALCULATED AS FOLLOWS:**		
	(Loss)/profit before taxation	**(1 563)**	3 063
	Adjustments for:		
	Depreciation	**2 661**	2 387
	Amortisation of intangible assets	**136**	115
	Loss on disposal of property, plant and equipment and intangibles		127
	Profit on disposal of property, plant, equipment and intangible	**(13)**	(3)
	Dividends received	**(20)**	(18)
	Interest received	**(155)**	(204)
	Finance costs	**1 274**	1 134
	Fair value adjustments on financial instruments	**334**	(36)
	Impairment of goodwill, intangibles assets and investments in associates and joint ventures	**1 907**	25
	Gain associated with loss of control of NMI Durban South Motors (Pty) Ltd		(212)
	Loss/(profit) on disposal of subsidiaries and investments	**6**	(45)
	IFRS 2 charge	**263**	80
	Reversal of previously held provision for Iberian operations		33
	Non-cash movement in provisions and valuation allowances	**358**	24
	Non-cash movement related to IFRS 16 lease modifications	**18**	
	Other non-cash flow items	**4**	4
	Operating cash flows before movements in working capital	**5 210**	6 474
	Movement in working capital	**670**	765
	Movement in inventories	**(221)**	686
	Movement in receivables and contract assets	**1 065**	244
	Movement in payables and contract liabilities	**(174)**	(165)
	Cash generated from operations before investment in rental fleets and leasing receivables	**5 880**	7 239
B.	**TAXATION PAID IS RECONCILED TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:**		
	Amounts (overpaid)/underpaid at beginning of year	**(4)**	35
	Per the income statement (excluding deferred taxation) – Group	**(867)**	(825)
	Adjustments in respect of subsidiaries acquired and sold including translation adjustments	**47**	12
	Net amounts (underpaid)/overpaid at end of year	**(109)**	4
	Cash amounts paid	**(933)**	(774)

	2020 Rm	Restated* 2019 Rm
C. ACQUISITION OF SUBSIDIARIES:		
Inventories acquired	**(1 386)**	
Receivables acquired	**(463)**	
Trade and other payables acquired	**539**	
Cash	**(162)**	
Intangible assets	**(8)**	
Property, plant and equipment, non-current assets and goodwill	**(548)**	
Non-controlling interest	**8**	(3)
Total net assets acquired	**(2 020)**	(3)
Goodwill arising on acquisitions	**(328)**	(2)
Supplier relationship intangible arising on acquisition in terms of IFRS 3 Business Combinations	**(773)**	
Deferred taxation arising on supplier relationship intangible asset	**193**	
Cash amounts paid to acquire subsidiaries	**(2 928)**	**(5)**
Bank balances and cash in subsidiaries acquired	**162**	
Acquisition of subsidiaries	**(2 766)**	(5)

During the period the Automotive Trading segment acquired three BMW dealerships for R84 million. Refer to note 38 for details of the acquisition of Barloworld Mongolia which became effective 1 September 2020.

	2020 Rm	Restated* 2019 Rm
D. PROCEEDS ON DISPOSAL OF SUBSIDIARIES:		
Inventories disposed	**15**	879
Receivables disposed	**62**	341
Payables, taxation and deferred taxation balances disposed and settled	**(74)**	(1 253)
Borrowings net of cash	**10**	95
Property, plant and equipment, non-current assets, goodwill and intangibles	**18**	406
Net assets disposed	**31**	468
Non-controlling interest		(457)
(Loss)/profit on disposal	**(32)**	5
Non-cash translation reserves realised on disposal of foreign subsidiary	**41**	
Net cash proceeds on disposal of subsidiaries	**40**	16
Bank balances and cash in subsidiaries disposed	**(26)**	(100)
Cash proceeds on disposal of subsidiaries	**14**	(84)

Effective 1 October 2019 Barloworld disposed of it's Logistics Middle East business for R39 million ($2 million). The funds were received on 18 February 2020.

Effective 31 July 2020 Barloworld disposed of its SmartMatta business, the proceeds will effectively be repaid in the form of a loan over two years at R13.4 million. A R6 million loss on sale of this operation was recognised.

Notes to the consolidated cash flow statement

		1 October	Opening retained income adjustment	Cash flows	New leases	IFRS 2 charges
E.	**CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**					
	2020					
	Net cash (used in)/generated from financing activities is reconciled as follows:					
	Share capital	**441**		**(1 562)**		
	Non-current interest bearing loans	**4 621**		**782**		
	Current interest bearing loans	**3 748**		**444**		
	Current and non-current lease liabilities		**2 302**	**(343)**	**295**	
	Equity compensation reserve movements	**(144)**		**(87)**		**263**
	Non-controlling interest movements	**272**				
		8 938	**2 302**	**(766)**	**295**	**263**
	2019					
	Net cash (used in)/generated from financing activities is reconciled as follows:					
	Non-current interest bearing loans	5 995		(1 380)		
	Current interest bearing loans (including held for sale)	5 175		(1 529)		
	Equity compensation reserve movements	69		(122)		53
	Non-controlling interest movements	517		173		
		11 756		(2 858)		53

* Restated for the following line items: investment in leasing receivables (reclassified), acquisition of subsidiaries and intangibles (separately reported), investments realised (separately reported) and proceeds on disposal of subsidiaries. Refer to note 36.

Transfer to retained income	Minority share of profits	Other	Transfers to or from short-term loans	Acquisition/ (disposal) of subsidiaries	Translation differences	30 September
						(1 121)
		(67)	**537**		**25**	**5 897**
		(90)	**(537)**		**(68)**	**3 498**
		57			**18**	**2 327**
		(22)				**10**
	(23)	**(11)**		**8**		**246**
	(23)	**(133)**		**8**	**25**	**10 856**
			(9)	(6)	20	4 621
			9		94	3 748
(144)						(144)
	49	(11)		(456)		272
(144)	49	(11)		(462)	114	8 497

Notes to the consolidated annual financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

		Continuing operations									
		Consolidated		Eliminations		Equipment and Handling					
						Equipment		Handling		Motor retail	
	R million	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
1	**SEGMENTS****										
	Revenue										
	Southern Africa	**42 143**	53 916			**17 592**	20 434		28	**12 595**	18 736
	Europe****		105								
	Eurasia	**7 540**	6 185			**7 540**	6 185				
		49 683	60 206			**25 132**	26 619		28	**12 595**	18 736
	Inter-segment revenue***			**(2 871)**	(3 257)	**1 943**	2 276			**1**	11
		49 683	60 206	**(2 871)**	(3 257)	**27 075**	28 895		28	**12 596**	18 747
	EBITDA	**4 830**	6 472			**2 879**	3 277	**(5)**	4	**251**	640
	Depreciation excluding the following:	**(2 455)**	(2 387)			**(669)**	(683)			**(116)**	57
	Depreciation – Khula Sizwe Rentals*****	**(206)**				**(95)**				**(89)**	
	Amortisation of intangibles	**(136)**	(115)			**(57)**	(39)			**(26)**	(22)
	Operating profit/(loss)	**2 033**	3 970			**2 058**	2 555	**(5)**	4	**20**	561
	Southern Africa	**1 314**	3 400			**1 224**	1 836	**(5)**	4	**20**	561
	Europe****	**(115)**	(149)								
	Eurasia	**834**	719			**834**	719				
	Operating profit before B-BBEE transaction charge	**2 033**	3 970			**2 058**	2 555	**(5)**	4	**20**	561
	B-BBEE transaction charge	**(236)**	(73)			**(33)**				**(32)**	
	Fair value adjustments on financial instruments	**(340)**	22			**(141)**	(108)		1	**(2)**	(2)
	Total segment result	**1 457**	3 919			**1 884**	2 447	**(5)**	5	**(14)**	559
	By geographical region										
	Southern Africa	**839**	3 217			**982**	1 735	**(5)**	5	**(14)**	559
	Europe****	**(284)**	(9)								
	Eurasia	**902**	712			**902**	712				
	Total segment result	**1 457**	3 919			**1 884**	2 447	**(5)**	5	**(14)**	559
	Loss/income from associates and joint ventures	**(48)**	231			**(38)**	250	**(58)**	(24)	**47**	4
	Finance costs excluding the following:	**(1 131)**	(1 134)			**(439)**	(536)		(2)	**(152)**	(145)

	Continuing operations										Discontinued operation	
	Automotive and Logistics						Corporate		Khula Sizwe			
	Car rental Southern Africa		Leasing		Logistics							
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	5 123	6 271	3 046	3 372	3 785	5 074	2	1				
						105						
	5 123	6 271	3 046	3 372	3 785	5 179	2	1				
	3	6	154	179	328	376	442	409				
	5 126	6 277	3 200	3 551	4 113	5 555	444	410				
	636	1 219	1 280	1 451	278	195	(449)	(314)	(40)			
	(735)	(694)	(832)	(826)	(346)	(109)	36	(18)	(207)			
	(16)				(6)							
	(2)	(2)			(46)	(48)	(5)	(4)				
	(117)	523	448	625	(120)	38	(418)	(336)	167			
	(117)	523	448	625	(120)	31	(303)	(180)	167			
						7	(115)	(156)				
	(117)	523	448	625	(120)	38	(418)	(336)	167			
	(26)		(4)		(33)		(24)	(73)	(85)			
	(1)		(10)	(9)	(3)	1	(159)	140	(23)			
	(144)	523	434	616	(156)	39	(601)	(269)	59			
	(144)	523	434	616	(156)	32	(317)	(253)	59			
						7	(284)	(16)				
	(144)	523	434	616	(156)	39	(601)	(269)	59			
			2				(1)	1				
	(244)	(248)	(273)	(326)	(223)	(115)	145	238	56			

Notes to the consolidated annual financial statements CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

1 **SEGMENTS**** continued

	Continuing operations									
	Consolidated		Eliminations		Equipment and Handling					
					Equipment		Handling		Motor retail	
R million	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
Finance costs – Khula Sizwe Rentals*****	**(143)**				**(63)**				**(62)**	
Income from investments	**155**	203			**175**	215	**1**	2	**2**	13
Non-operating and capital items	**(1 900)**	75			**(898)**		**(168)**	(16)	**79**	103
Taxation	**(889)**	(850)			**(769)**	(601)	**1**	(3)	**148**	(100)
Profit from discontinued operation		33								
Net profit	**(2 499)**	2 477			**(148)**	1 775	**(229)**	(38)	**48**	434
Assets										
Property, plant and equipment	**12 240**	12 062			**4 869**	4 392			**515**	1 199
Right-of-use assets	**1 611**				**206**				**749**	
Intangible assets	**1 632**	1 558			**1 424**	1 283			**87**	111
Investment in associates and joint ventures	**2 148**	2 253			**1 387**	1 299	**17**	266	**704**	654
Long-term finance lease receivables	**187**	157				2				
Long-term financial assets	**287**	710			**113**	464			**64**	65
Vehicle rental fleet	**1 889**	3 137								
Inventories	**10 170**	8 328			**7 895**	5 967			**1 713**	1 897
Trade and other receivables	**7 916**	8 052			**5 643**	5 382	**22**	22	**627**	579
Contract assets	**514**	981			**466**	900				
Assets classified as held for sale	**29**	327			**29**	70				
Segment assets	**38 623**	37 565			**22 033**	19 759	**39**	288	**4 459**	4 505
By geographical region										
Southern Africa	**30 751**	32 949			**14 321**	15 353	**67**	312	**4 459**	4 505
Europe****	**160**	210					**(28)**	(24)		
Eurasia	**7 712**	4 406			**7 712**	4 406				
Total segment assets (note 1)	**38 623**	37 565			**22 033**	19 759	**39**	288	**4 459**	4 505
Goodwill	**1 352**	1 700			**564**	270			**215**	215
Taxation	**147**	83								
Deferred taxation assets	**1 014**	766								

Continuing operations										Discontinued operation	
Automotive and Logistics						Corporate		Khula Sizwe			
Car rental Southern Africa		Leasing		Logistics							
30 Sep 2020	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
(13)				**(5)**							
1	5	**2**	10	**16**	2	**(49)**	(47)	**7**			
(654)	(39)	**(16)**	(12)	**(142)**	(95)	**140**	134	**(240)**			
141	(50)	**(40)**	(79)	**102**	(12)	**(323)**	(5)	**(148)**			
											33
(913)	191	**109**	209	**(408)**	(181)	**(689)**	54	**(266)**			33
137	389	**3 675**	4 225	**780**	871	**261**	986	**2 002**			
170		**10**		**388**		**87**		**1**			
9	11	**54**	31	**41**	99	**16**	23				
		3				**37**	34				
		137	155	**50**							
				9	77	**101**	104				
1 889	3 137										
438	400	**90**	59	**38**	36	**(4)**	(31)				
258	629	**616**	668	**1 037**	1 000	**(294)**	(228)	**7**			
				48	81						
					166		93				
2 901	4 566	**4 585**	5 136	**2 391**	2 330	**205**	981	**2 010**			
2 901	4 566	**4 585**	5 136	**2 391**	2 280	**17**	798	**2 010**			
					51	**188**	183				
2 901	4 566	**4 585**	5 136	**2 391**	2 330	**205**	981	**2 010**			
176	793	**282**	292	**115**	130						

1 SEGMENTS** continued

	Continuing operations									
	Consolidated		Eliminations		Equipment and Handling					
					Equipment		Handling		Motor retail	
R million	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
Cash and cash equivalents	**6 743**	7 274								
Consolidated total assets	**47 879**	47 388								
Liabilities										
Long-term non-interest-bearing including provisions	**2 135**	2 370			**100**	27			**6**	84
Trade and other payables including provisions	**11 718**	10 780			**7 543**	4 626	**5**	24	**2 349**	2 558
Lease liabilities	**2 328**				**237**				**1 053**	
Contract liabilities	**1 708**	1 237			**963**	601				
Liabilities directly associated with assets classified as held for sale		78								
Segment liabilities	**17 889**	14 465			**8 843**	5 254	**5**	24	**3 408**	2 642
By geographical region										
Southern Africa	**13 253**	10 917			**6 358**	4 018	**5**	8	**3 408**	2 642
Europe****	**2 151**	2 312						16		
Eurasia	**2 485**	1 236			**2 485**	1 236				
Segment liabilities	**17 889**	14 465			**8 843**	5 254	**5**	24	**3 408**	2 642
Interest-bearing liabilities (excluding held for sale amounts)	**9 395**	8 369								
Current and non-current lease liabilities										
Deferred taxation liabilities	**806**	572								
Taxation	**38**	87								
Consolidated total liabilities	**28 128**	23 493								
Invested capital (including IFRS16)	**24 729**	24 957			**14 761**	14 711	**25**	255	**3 604**	2 091
Southern Africa	**20 713**	23 259			**9 167**	11 313	**25**	255	**3 604**	2 091
Europe****	**(1 578)**	(1 700)								
Eurasia	**5 594**	3 398			**5 594**	3 398				

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.

** The geographical segments are determined by the location of assets.

*** Inter segment revenue is priced on an arm's-length basis.

**** Including Middle East for 2019

***** This is for illustrative purposes but ultimately eliminates at Group level.

^ Effective 1 Sep 2019 the result of NMI Durban South Motor (Pty) Ltd have been equity accounted. Motor retail segment included in 2019 representing the 11 months of NMI Durban South Motors (Pty) Ltd as a Barloworld controlled subsidiary. NMI's revenue and operating profit reported in 2019 for comparative purposes was R3887 million and R125 million respectively.

No single customer contributes 10% or more of the Group's total or individual segment revenue.

	Continuing operations										Discontinued operation	
	Automotive and Logistics						Corporate		Khula Sizwe			
	Car rental Southern Africa		Leasing		Logistics							
	30 Sep 2020	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
		22	**24**	11	**16**	66	**1 989**	2 160				
	643	2 108	**700**	713	**759**	799	**(247)**	(48)	**(33)**			
	290		**30**		**614**		**103**		**1**			
			745	636								
						78						
	933	2 130	**1 499**	1 360	**1 388**	943	**1 845**	2 112	**(32)**			
	933	2 130	**1 499**	1 360	**1 388**	919	**(306)**	(160)	**(32)**			
						24	**2 151**	2 272				
	933	2 130	**1 499**	1 360	**1 388**	943	**1 845**	2 112	**(32)**			
	2 803	3 259	**3 191**	3 862	**1 916**	1 453	**(1 184)**	(674)	**(386)**			
	2 803	3 259	**3 191**	3 862	**1 916**	1 446	**394**	1 033	**(386)**			
						7	**(1 578)**	(1 707)				

		2020 Rm	Restated^ 2019 Rm
2	**REVENUE**		
	The Group revenue disaggregation has been determined as follows:		
	Revenue recognised in terms of IFRS 15: Revenue from contracts with customers		
	Sale of goods (earned at a point in time)	**34 534**	41 604
	Equipment (new and used)	**10 979**	11 565
	Vehicles (new and used)	**13 584**	18 889
	Parts (new and used)	**9 971**	11 150
	Rendering of services (earned over time)	**13 371**	16 656
	Parts revenue earned over time as services, maintenance and repairs under contracts are performed	**1 238**	721
	Service	**5 069**	5 829
	– Workshop and in-field service	**3 811**	4 429
	– Aftersales	**99**	263
	– Fitment and repairs	**1 159**	1 137
	Commissions	**637**	878
	Rental (outside the scope of IFRS 16)	**2 837**	3 988
	Freight forwarding	**117**	265
	Supply chain support solutions	**1 164**	2 229
	Transportation	**2 309**	2 746
		47 905	58 260
	Revenue recognised in terms of IFRS 16: Leases		
	Fixed leasing income	**1 586**	1 770
	Variable leasing income*	**192**	176
	Total leasing income*	**1 778**	1 946
	Total Revenue	**49 683**	60 206

^ The restatement of the revenue recognised has changed due to the reclassification of Avis Fleet into continued operations.

* Variable leasing income earned mainly relates to excess kilometres and additional maintenance costs invoiced.

2 REVENUE continued

The transaction price allocated to (partially) unsatisfied performance obligations at 30 September are as set out below:

	2020 Rm		
		Expected to be recognised as follows	
	Total	Within 1 year	2 – 5 years
Equipment			
Workshop and in-field support services	**5 118**	**1 407**	**3 711**
After sales equipment services	**12**	**12**	
Fitment and repairs	**26**	**26**	
	5 156	**1 445**	**3 711**
Automotive			
After sales vehicle services	**744**	**308**	**436**
	744	**308**	**436**
Logistics			
Supply chain management services	**2 254**	**866**	**1 388**
	2 254	**866**	**1 388**

	Restated* 2019 Rm		
		Expected to be recognised as follows	
	Total	Within 1 year	2 – 5 years
Equipment			
Workshop and in-field support services	4 943	4 943	
After sales equipment services	20	20	
Fitment and repairs	22	22	
	4 985	**4 985**	
Automotive			
After sales vehicle services	630	263	367
	630	**263**	**367**
Logistics			
Supply chain management services	2 851	938	1 913
	2 851	**938**	**1 913**

* The restatement is due to Avis fleet no longer being classified as a discontinued operation and deferred maintenance contracts included under IFRS 15 as contract liabilities. Refer to note 36.

		2020 Rm	Restated* 2019 Rm
3	**OPERATING PROFIT**		
	Operating profit is arrived at as follows:		
	Revenue	**49 683**	60 206
	Less: Net expenses	**47 886**	56 309
	Cost of goods sold	**38 466**	46 324
	Other operating costs	**9 420**	9 985
	Total Group	**1 797**	3 897
	Expenses include the following:		
	Amortisation of intangible assets arising from acquisitions	**14**	15
	Operating leases – low value assets equipment, IT, plant and vehicles	**306**	
	Operating leases – low value assets property	**54**	
	Expense relating to short-term leases	**42**	
	Expenses relating to variable lease payments not included in measure of lease liability	**49**	
	Income from subleasing right-of-use assets	**(2)**	
	Operating lease charges		1 156
	Land and buildings		490
	Plant, vehicles and equipment		666
	Auditors' remuneration:	**73**	69
	Audit fees	**69**	67
	Fees for other services	**4**	2
	Staff costs (excluding directors' emoluments)	**7 126**	9 418
	Restructuring costs (excluding staff costs)	**304**	
	Amounts recognised in respect of retirement benefit plans (note 24):		
	Defined contribution funds	**692**	972
	Defined benefit funds^	**17**	99
	Inventory movements	**237**	133
	Amount of write-down of inventory to net realisable value and losses of inventory	**270**	193
	Amount of reversals of inventory previously written down	**(33)**	(60)
	Acquisition costs related to the acquisition of Barloworld Mongolia	**35**	9
	Impairment losses on financial assets and contract assets	**292**	75
	Impairment losses on financial assets	**291**	75
	Impairment losses on contract assets	**1**	
	Total B-BBEE charges	**236**	73
	IFRS 2 B-BBEE charge (3.1)	**223**	
	Other B-BBEE charges related to the Khula Sizwe transaction	**13**	73

^ Includes once off charge of R88 million for the equalisation of the guaranteed minimum pensions cost in the 2019 financial year. (note 26)

3 OPERATING PROFIT continued

3.1 The Group's B-BBEE deal Khula Sizwe was implemented on 1 October 2019. At 30 September 2020, 57 of the 64 properties had transferred to Khula Sizwe and the Barloworld entities were incurring rental changes related to these properties. Implementation charges of R13 million were incurred in the period (2019: R73 million) together with IFRS 2 Share Based Payment (IFRS 2) charges totalling R223 million (2019: Rnil).

The IFRS 2 charges in Barloworld arose from the benefits received by staff members which were facilitated by the Group providing funding/donations to the trusts so that employees could acquire their shares at less than market value. The employee trust was allocated 17,430,080 shares and the management trust was allocated 20,698,220 shares, this was then allocated as units to employees of 18,059,822 and 18,460,296, respectively. The employees will have an exercise price of Rnil, and management has contributed R7.1 million for their shares.

The IFRS 2 charges in Khula Sizwe arose from the per share discount given to Khula Sizwe shareholders in the initial share offering. The Khula Sizwe shares were valued using a Monte Carlo approach, with share prices following a geometric Brownian model. The following were the primary model inputs, estimates and judgements:

- The net asset value of Khula Sizwe, assuming all properties had transferred on 1 October 2020
- Share volatility determined with reference to the SA REIT index
- Adjustments for the lock in periods applicable to the shares
- Expected dividend yield
- The valuation outcome was compared to the R10 per share offer price and the estimated discount of R2.77 will be accounted for as an IFRS 2 charge in Khula Sizwe.

The IFRS 2 charges incurred by Barloworld segments in the period were as follows:

	2020 Rm
Employee Trust	**108**
Current year	**87**
Acceleration due to retrenchments	**21**
Management Trust	**30**
Current year	**21**
Acceleration due to retrenchments	**9**
Total IFRS 2 charges incurred by Barloworld segments	**138**
IFRS 2 charges incurred by the Khula Sizwe segment were as follows:	
Employee Trust	**24**
Management Trust	**16**
Black Public (once off charge)	**45**
Total IFRS 2 charges incurred by the Khula Sizwe segment	**85**
Total IFRS 2 charge incurred by the Barloworld Group	**223**

Note that the Employee Trust charge will be recognised over two years and the Management Trust charge will be recognised over five years in line with the service conditions attached to these shares. The Black Public charge is a day 1 charge and not recurring.

		2020 Rm	Restated* 2019 Rm
4	**FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS**		
	Income included in operating profit as valuation of insurance companies^	**5**	13
	Disclosed as fair value (loss)/gain on financial instruments	**(340)**	22
	Per IFRS 9 category		
	Net foreign exchange (loss)/gain on loans, cash , receivables and payables	**(167)**	(8)
	Financial assets/liabilities at fair value (loss)/gain through profit or loss	**(173)**	30
	Total Group	**(340)**	22

^ This relates to the fair value movement of investment in insurance cell captives within Automotive, Logistics and Corporate operating segments.

		2020 Rm	Restated* 2019 Rm
5	**FINANCE COSTS**		
	Interest on financial liabilities at amortised cost:		
	Corporate bonds and other long-term borrowings	**(501)**	(630)
	Bank and other short-term borrowings	**(361)**	(337)
	Floor plan	**(70)**	(75)
	Defined benefit plan	**(36)**	(49)
	Capitalised finance leases	**(21)**	(43)
	Lease liability interest – long-term	**(266)**	
	Lease liability interest – short-term	**(19)**	
	Total Group	**(1 274)**	(1 134)
6	**INCOME FROM INVESTMENTS**		
	Dividends – received from insurance companies	**20**	18
	Interest on financial assets at amortised cost (income from investments)	**155**	203
	Total Group	**175**	221
	Included in operating profit as dividends received from insurance companies	**20**	18
	Disclosed in income statement as income from investments	**155**	203
	Total Group	**175**	221
7	**OTHER NON-OPERATING AND CAPITAL ITEMS**		
	(Loss)/profit on disposal of subsidiary	**(6)**	12
	Profit on disposal of property, plant, equipment, intangibles and other assets	**13**	3
	Total Group	**7**	15

		2020 Rm	Restated* 2019 Rm
8	**TAXATION**		
	South African normal taxation		
	Current year	**(665)**	(797)
	Prior year	**(8)**	(2)
		(673)	(799)
	Foreign and withholding taxation		
	Current year	**(194)**	(26)
		(194)	(26)
	Deferred taxation		
	Current year	**(17)**	(33)
	Prior year	**2**	8
	Attributable to a change in the rate of income tax	**(7)**	
		(22)	(25)
	Taxation attributable to the Company and its subsidiaries	**(889)**	(850)

	2020 %	2019 %
South Africa normal taxation rate	**28.0**	28.0
Foreign rate differential	**(5.3)**	3.4
Reduction in rate of taxation	**13.1**	(7.8)
Exempt income and special allowances[@]	**11.6**	(4.6)
Taxation losses of prior periods	**0.6**	
Non-operating and capital items taxation^		(1.3)
IAS12.41 adjustment**		(1.7)
Rate change adjustment	**0.9**	
Prior year taxation		(0.2)
Increase in rate of taxation	**(92.7)**	4.2
Disallowable charges***	**(27.0)**	2.7
Non-operating and capital items taxation^	**(34.6)**	
Prior year taxation	**(0.4)**	
IAS12.41 adjustment**	**(6.5)**	
Withholding tax	**(11.1)**	0.8
Current year losses not utilised	**(13.1)**	0.7
Taxation as a percentage of (loss)/profit before taxation	**(56.9)**	27.8
Taxation (excluding prior year taxation and non-operating and capital items taxation) as a percentage of profit before taxation (excluding non-operating and capital items)	**251.0**	28.6

@ Exempt income and special allowances largely comprise learnerships allowances, gains on rental assets, dividends, investment income taxed at lower rates and other capital income/gains.

** The Group has companies in Russia, Mozambique, Malawi, Zambia and Angola where deferred taxes are recognized for temporary differences that arise when an entity's taxable profit or loss (and thus the tax basis of it's non-monetary assets and liabilities) are measured in a currency different than its functional currency. Changes in the exchange rate result in a deferred tax asset or liability which is charged to profit or loss.

*** Disallowable charges and specific inclusions relate largely to the capital gains and recoupments resulting from the sale of properties in terms of the B-BBEE deal, IFRS 2 charges relating to the B-BBEE deal, expenses not incurred in the production of income, non-deductible capital nature professional fees, the impact of currency movements on the tax base of the companies mentioned in ** and other non-deductible expenses such as payroll expenses and provisions.

^ Non-operating and capital items taxation refer to expenses/income that are unrelated to Barloworld's core operations and fall outside the normal course of business. This would include items excluded from the headline earnings of the Group, refer to note 9.

8 TAXATION continued

	2020 Rm	Restated* 2019 Rm
Group tax losses at the end of the year:		
South African – taxation losses	**(918)**	(582)
Foreign – taxation losses	**(1 087)**	(1 153)
	(2 005)	(1 735)
Utilised to reduce deferred taxation liabilities or create deferred taxation assets	**1 389**	1 321
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	**(616)**	(414)
The losses for which no deferred taxation asset has been raised are as follows:		
South African tax losses		
Automotive	**(29)**	(27)
Barloworld Logistics Africa	**(274)**	(147)
Barloworld Transport Solutions	**(3)**	(4)
Barloworld South Africa (Pty) Ltd	**(101)**	
Foreign tax losses		
Equipment Russia	**(134)**	(163)
Logistics	**(12)**	
Avis Fleet	**(63)**	(73)
	(616)	(414)

In relation to all the other losses listed above, there is no expiry date, or limit of carry forward, provided that the businesses continue trading.

Barloworld operates in numerous countries around the world and accordingly is subject to, and pays annual income taxes, under the various income tax regimes in the countries in which it operates. The Group has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. In some jurisdictions, tax authorities are yet to complete their assessments for previous years. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time, the Group is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the tax authorities over the interpretation or application of certain rules in respect of the Group's business conducted within the country involved. Significant judgement is required in determining the worldwide provisions for income taxes due to the complexity of legislation. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The United Kingdom ("UK") government announced that it intends to require large businesses to notify HMRC where they have adopted an uncertain tax treatment applicable to returns filed after April 2021. Whilst the final regulations are still being drafted, we do not believe that any of the Barloworld companies in the UK Group will have anything to report.

		2020 Rm	Restated* 2019 Rm
9	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
9.1	**DILUTED WEIGHTED AVERAGE NUMBER OF SHARES**		
	Weighted average number of ordinary shares (net of share buy-back)	**200 329 550**	211 084 956
	Increase in number of shares as a result of unexercised share options and unvested forfeitable shares	**394 964**	612 645
	Fully converted weighted average number of shares	**200 724 514**	211 697 601
	Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the Group.		
	Net (loss)/profit for the year attributable to shareholders of Barloworld Limited	**(2 476)**	2 428
	Net (loss)/profit for the year from continuing operations	**(2 476)**	2 395
	Net profit for the year from discontinued operations		33

		2020	2019	2020 Cents	2019 Cents
9.2	**EARNINGS PER SHARE**				
	BASIC				
	The weighted average number of ordinary shares	**200 329 550**	211 084 956		
	(Loss)/earnings per share (basic)			**(1 236.0)**	1 150.2
	(Loss)/earnings per share from continuing operations (basic)			**(1 236.0)**	1 134.6
	Earnings per share from discontinued operations (basic)				15.6
	DILUTED				
	Fully converted weighted average number of shares (note 9.1)	**200 724 514**	211 697 601		
	(Loss)/earnings per share (diluted)			**(1 236.0)**	1 146.9
	(Loss)/earnings per share from continuing operations (diluted)			**(1 236.0)**	1 131.3
	Earnings per share from discontinued operations (diluted)				15.6
	Percentage dilution	**0.0**	0.3		

* The restatement is due to Avis fleet no longer being classified as a discontinued operation (Refer to note 36).

9 EARNINGS AND HEADLINE EARNINGS PER SHARE continued

		2020 Rm	Restated* 2019 Rm
9.3	**HEADLINE EARNINGS PER SHARE**		
	BASIC		
	(Loss)/profit for the year attributable to Barloworld Limited shareholders	**(2 476)**	2 428
	Adjusted for the following:		
	Remeasurements excluded from headline earnings	**1 940**	(106)
	Loss/(profit) on disposal of subsidiaries and investments	**6**	(45)
	Tax charge of profit on disposal of subsidiaries and investments		2
	Profit on disposal of plant, property, equipment and intangible assets	**(13)**	(3)
	Capital gain tax on profit on disposal of property	**99**	
	Tax charge/(benefit) on profit on disposal of property, plant and equipment and intangible assets	**2**	(11)
	Impairment of goodwill	**702**	
	Tax benefit of impairment of goodwill	**(3)**	
	Impairment of property, plant and equipment, right of use assets, intangible and other assets	**303**	127
	Tax benefit of impairment on plant and equipment, right of use assets, intangibles and other assets	**(14)**	11
	Non-controlling interest in remeasurements related to impairment of property, plant and equipment	**(2)**	
	Impairment of indefinite life of intangibles assets	**708**	
	Tax benefit of impairment of indefinite life of intangibles assets	**(48)**	
	Fair value gain on initial recognition of associate		(212)
	Impairment of investments in associates and joint ventures	**194**	25
	Impairment of plant and equipment – associate and joint venture share	**8**	
	Tax benefit of impairment on plant and equipment – associate and joint venture share	**(2)**	
	Headline (loss)/earnings	**(536)**	2 322
	(Loss)/profit from continuing operations	**(2 499)**	2 444
	Non-controlling shareholder's interest in net profit/(loss) from continuing operations	**23**	(49)
	Loss/(profit) from continuing operations attributable to Barloworld Limited shareholders	**(2 476)**	2 395
	Adjusted for the following items in continued operations:		
	Gross remeasurements excluded from headline earnings from continuing operations	**1 940**	(73)
	Loss/(profit) on disposal of subsidiaries and investments	**6**	(12)
	Tax charge of profit on disposal of subsidiaries and investments		2
	Profit on disposal of plant, property, equipment and intangible assets	**(13)**	(3)
	Capital gain tax on profit on disposal of property	**99**	
	Tax charge/(benefit) on profit on disposal of property, plant and equipment and intangible assets	**2**	(11)
	Impairment of goodwill	**702**	
	Tax benefit of impairment of goodwill	**(3)**	
	Impairment of plant and equipment, right-of-use assets, intangibles and other assets	**303**	127
	Tax benefit of impairment on plant and equipment, right-of-use assets, intangibles and other assets	**(14)**	11
	Non-controlling interest in remeasurements related to impairment on plant and equipment	**(2)**	
	Impairment of indefinite life of intangibles assets	**708**	

* The restatement is due to Avis fleet no longer being classified as a discontinued operation (Refer to note 36).

	2020 Rm	Restated* 2019 Rm
Tax benefit of impairment of indefinite life of intangibles assets	**(48)**	
Fair value gain on initial recognition of associate		(212)
Impairment of investments in associates and joint ventures	**194**	25
Impairment of plant and equipment – associate and joint venture share	**8**	
Tax benefit of impairment on plant and equipment – associate and joint venture share	**(2)**	
Associate and non-controlling interest in remeasurements		
Net remeasurements excluded from headline earnings from continuing operations		
Headline (loss)/earnings from continuing operations	**(536)**	2 322
Profit from discontinued operation attributable to Barloworld Limited shareholders		33
Adjusted for the following items in discontinued operations:		
Gross remeasurements excluded from headline earnings from discontinued operations		(33)
Profit on disposal of subsidiaries (note 22)		(33)
Associate and non-controlling interest in remeasurements		
Net remeasurements excluded from headline earnings from discontinued operations		(33)
Headline earnings from discontinued operations		–

	2020	2019	2020 Cents	2019 Cents
Headline earnings per share				
BASIC				
The weighted average number of ordinary shares	**200 329 550**	211 084 956		
Headline (loss)/earnings per share (basic)			**(267.6)**	1100.0
Headline (loss)/earnings per share from continuing operations (basic)			**(267.6)**	1100.0
Headline earnings per share from discontinued operations (basic)				
DILUTED				
Fully converted weighted average number of shares (note 9.1)	**200 724 514**	211 697 601		
Headline (loss)/earnings per share (diluted)			**(267.6)**	1 096.8
Headline (loss)/earnings per share from continuing operations (diluted)			**(267.6)**	1 096.8
Headline earnings per share from discontinued operations (diluted)				
Percentage dilution	**0.0**	0.3		

* The restatement is due to Avis fleet no longer being classified as a discontinued operation (Refer to note 36).

	2020			
	Freehold and leasehold land and buildings Rm	Plant, equipment and furniture Rm	Vehicles Rm	Rental assets equipment
10 PROPERTY, PLANT AND EQUIPMENT				
COST				
At 1 October	5 727	2 528	1 649	3 403
Subsidiaries acquired	322	333	35	444
Other additions	145	303	199	1 299
Disposal of subsidiaries	(2)	(111)	(1)	
Other disposals	(82)	(238)	(144)	(31)
Reclassification**	19	(66)	(8)	(1 206)
Translation differences	202	78	44	82
At 30 September	6 331	2 726	1 774	3 991
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 October	1 314	2 015	886	1 071
Depreciation	109	174	143	348
Subsidiaries acquired	74	233	10	271
Disposal of subsidiaries	(1)	(97)	(1)	
Other disposals	(82)	(221)	(106)	(19)
Reclassifications**	41	(23)	(1)	(355)
Impairment^^	201		7	14
Translation differences	48	63	34	53
At 30 September	1 704	2 144	972	1 383
CARRYING AMOUNT				
At 30 September	4 627	582	802	2 608
Less: Vehicle rental fleet assets reflected under current assets				
Classified as held for sale (note 22)	28	1		
Balance reflected as property, plant and equipment	4 599	581	802	2 608
Net book value of capitalised leases included in above balance		57	341	

** The reclassifications within rental assets relates to assets that are recognised as property, plant and equipment and reclassified to inventory during the current year.

^^ Includes once off charge of R88 million for the equalisation of the guaranteed minimum pensions cost in the 2019 financial year. (note 26)

Rental assets vehicles Rm	Total Rm	2019 Restated Freehold and leasehold land and buildings Rm	Plant, equipment and furniture Rm	Vehicles Rm	Rental assets equipment	Rental assets vehicles Rm	Total assets Rm
9 467	**22 774**	5 906	2 472	1 796	3 479	9 199	22 852
	1 134		2				2
3 239	**5 084**	298	227	108	1 232	5 255	7 120
	(114)	(580)	(110)	(63)			(753)
(125)	**(620)**	(41)	(112)	(222)		(192)	(567)
(4 934)	**(6 195)**		(4)		(1 362)	(4 822)	(6 188)
28	**434**	144	53	30	55	27	309
7 675	**22 497**	5 727	2 528	1 649	3 404	9 467	22 775
2 114	**7 400**	1 116	1 946	893	848	2 081	6 884
1 485	**2 259**	124	182	125	486	1 471	2 388
	588						
	(99)	(61)	(87)	(16)			(164)
(20)	**(448)**	(21)	(97)	(141)		(52)	(311)
(1 452)	**(1 790)**	2			(302)	(1 394)	(1 694)
	222	117	28	2	7		154
9	**207**	37	43	23	33	8	144
2 136	**8 339**	1 314	2 015	886	1 072	2 114	7 401
5 539	**14 158**	4 413	513	763	2 332	7 353	15 374
1 889	**1 889**					3 137	3 137
	29	162	12	1			175
3 650	**12 239**	4 251	501	762	2 332	4 216	12 062
	398	**149**	**63**	**352**			**564**

10 PROPERTY, PLANT AND EQUIPMENT continued

Future minimum lease receivables under non-cancellable operating leases for Avis Fleet:	2020 Rm	Restated 2019 Rm
Within one year	**323**	1 029
Two to five years	**799**	1 159
More than five years	**497**	4
	1 619	2 192

The carrying amounts of assets encumbered for which title is restricted was R16.8 million (2019: R22 million) for properties (mortgage bond) and R346million (2019: R360 million) for vehicles, totalling R362 million (2019: R382 million).

Refer to note 24 where mortgage bonds are disclosed and note 28 for payables secured by vehicles.

^^ The impairments primarily relate to the land and buildings held within Equipment Southern Africa operating segment that has been classified as held for sale at 30 September 2020 and as a result has been impaired to net realisable value less costs to sell.

Vehicle rental assets include long-term fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 45 months (2019: 44 months) and an average residual value of 45% (2019 : 46%).

Please refer to note 28 for contractual commitments for the acquisition of property, plant and equipment.

2020	Land and buildings Rm	Equipment, IT and Plant Rm	Vehicles Rm	Total Rm
11 **RIGHT-OF-USE ASSETS**				
COST				
Adoption on 1 October 2020 upon transition to IFRS 16 Standard^	1 333	11	415	1 759
Subsidiaries acquired				
Subsidiaries disposed	(1)			(1)
Additions	199	33	54	286
Lease retirements	(12)	(33)		(45)
Reclassifications	62			62
Translation differences	31			31
At 30 September	1 612	11	469	2 092
ACCUMULATED AMORTISATION AND IMPAIRMENT				
Adoption on 1 October 2020 upon transition to IFRS 16 Standard^	27			27
Depreciation	209	4	189	402
Subsidiaries acquired				
Subsidiaries disposed	(1)			(1)
Reclassifications	13			13
Lease retirements	(3)			(3)
Impairment*	37			37
Translation differences	6			6
At 30 September	288	4	189	481
Balance reflected as right-of-use assets	1 324	7	280	1 611

^ Refer to note 37 related to changes in accounting policies

* Impairments resulted from the underlying CGU's indicating an impairment. There were several properties which became vacant or were exited due to locations being consolidated in the financial period.

Right-of-use assets	No. of right-of-use assets leases	Range of remaining lease term	Average remaining lease term	No. of leases with extension options	No. of leases with variable payments linked	No. of leases with termination options
Land and buildings	266	1 to 29 years	5	127		44
Equipment, IT and plant	60	1 to 6 years	2	42	42	42
Vehicles	1 024	1 to 8 years	3			
	1 350			169	42	86

		2020 Rm	Restated 2019 Rm
12	**GOODWILL**		
	COST		
	At 1 October	**1 957**	2 140
	Subsidiaries acquired*	**328**	2
	Deconsolidation of subsidiary		(203)
	Disposal of subsidiary#	**(70)**	
	Translation differences	**26**	18
	At 30 September	**2 241**	1 957
	ACCUMULATED IMPAIRMENT LOSSES		
	At 1 October	**258**	267
	Deconsolidation of subsidiary		(9)
	Disposal of subsidiary#	**(70)**	
	Impairment	**702**	
	Translation differences	**(1)**	
	At 30 September	**889**	258
	CARRYING AMOUNT	**1 352**	1 700

* Refer to note 38 for details of the acquisition of Mongolia during the current year.
In additional to above goodwill to the value of R1.6 million (2019: R2 million) arose from the acquisition of trading licences within the Avis Rent-a-Car operating segment. This is considered immaterial and no further disclosure is provided.

\# Relates to disposal of Smartmatta within Logistics operating segment.

Goodwill is allocated to the following CGUs for impairment testing purposes:

Significant cash-generating units (CGUs)	Geographical location	Reportable segment to which the CGU belong	**Carrying amount of Goodwill 2020 Rm**	**Carrying amount of Goodwill Restated 2019 Rm**	**Accumulated impairments 2020 Rm**	**Accumulated impairments Restated 2019 Rm**
Avis Rent a Car southern Africa	Southern Africa	Car rental southern Africa	**176**	791	**(619)**	
Avis Fleet southern Africa	Southern Africa	Leasing	**282**	292	**(11)**	
Equipment Russia	Russia	Equipment Russia	**240**	212		
Equipment Botswana Zambia Angola Mozambique Malawi (BZAMM)	Rest of Africa	Equipment southern Africa		61	**(57)**	
Equipment Mongolia	Mongolia	Equipment Mongolia	**324**			
Other^	Various	Various	**330**	344	**(15)**	(70)
CARRYING AMOUNT			**1 352**	1 700	**(702)**	(70)

^ The aggregate of the remaining immaterial goodwill balances consists of 10 cash generating units in 2020, (2019: 12).

Goodwill is allocated to the appropriate CGUs based on which CGU is expected to benefit from the synergies arising in a business combination.

External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition, the carrying amount of goodwill is subject to an annual impairment test. Notable, the goodwill acquired in the Equipment Mongolia business on 1 September 2020 has not been tested for impairment and will be subject to impairment testing for the first time in the 2021 financial year.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use.

With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all goodwill was assessed for impairment at 31 March 2020 which resulted in the below mentioned impairments with the exception of Global Solutions which was impaired in the six months to the year ended 30 September 2020.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use.

With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all goodwill was assessed for impairment which resulted in the below mentioned impairments for the year ended 30 September 2020.

Impairments recognised in the year

	Geographical location	Reportable segment to which the CGUs belong	30 Sep 2020 Rm
Avis Rent a Car southern Africa (note 1)	Southern Africa	Car Rental	**619**
Avis Fleet southern Africa	South Africa	Avis Fleet	**11**
Equipment Botswana, Zambia, Angola, Mozambique, Malawi (BZAMM) (note 2)	Rest of Africa	Equipment Southern Africa	**57**
Global Solutions	South Africa	Logistics	**6**
Aspen	South Africa	Logistics	**9**
Total			**702**

Note 1: Avis Rent a Car southern Africa: Impairment recognised for the current year.

In South Africa, as a result of the initial lockdown announced by President Ramaphosa, all non-essential operations (dealerships, stores, head offices and distribution centres) were closed from 27 March 2020 until 12 May 2020. The automotive industry was allowed to return to trading in a phased approach between May and June 2020. As the economy transitioned to level 3 lockdown with dealerships allowed to resume operations, an improvement in vehicle sales was experienced in June 2020. The Avis Rent a Car business has been significantly impacted by the COVID-19 crisis due to local and global travel restrictions which have particularly impacted the on-airport market segment. This crisis was expected have a prolonged impact on the cash flows in this business driven by an expected slow recovery of local and global tourism. Regulatory restrictions on used car sales and expectations for future used car sales volumes and margins also negatively impacted cash flow projections for this business. The impairment recognised is a reflection of projected cash flows as estimated at 31 March 2020 when the impairment was recognised and based on further impairment testing carried out at 30 September 2020 no additional impairment were recognised (in accordance with IAS 36 impairment to goodwill cannot be reversed).

Note 2: BZAMM: Impairment recognised for current year.

Similar to the automotive industry, lower than expected short and long term growth rates in the African regions (BZAMM) negatively impacted expected mining and construction activity levels which drive the cash flows of this CGU. Further, the higher discount rate applied to these lower forecast cash flows was a primary driver of the impairment recognised during the year. At 30 September the uncertainty of the effects of COVID-19 on future cash flows has necessitated the use of judgements and assumptions in estimating the impact on the carrying value of certain assets, in applying the accounting policies in the preparation of the Annual Financial Statements. Accordingly, an impairment charge has been recognised in these regions for property, plant and equipment of R140 million (refer to note 10) and intangible assets of R708 million (refer to note 13).

12 GOODWILL continued

The key assumptions used in the value in use calculation for the CGUs are as follows:

At each impairment testing interval a discounted cash flow valuation model is applied using a five-year strategic plan as approved by the board. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the Group adjusted for the estimated impact of COVID-19 on the various businesses in the medium term and the expected prolonged recovery from this global crisis which has impacted long term growth rates across our businesses. The process ensures that significant risks and sensitivities are appropriately considered and factored into strategic plans.

The discount rate applied to the five year forecast period has been outlined for each cash generating unit in the table below. Discount rates applied to cash flow projections are based on a country or region-specific discount rate, dependent upon the location of cash-generating operations. As at 30 September 2020 there was a marked increase in discount rates as a result of increased risk free rates used within the discount rate calculations together with higher country risk premiums across the territories in which we operate. The notable reduction in the discount rate applied to the Avis Rent a Car Southern Africa is a reflection of the lower borrowing rates prevailing in the market as well as taking into account the capital structure of comparable businesses, where the industry average ratio of Debt to Equity is considerably higher (when compared to trading businesses).The net effect is a higher proportion of a lower cost of debt in the discount rate.

The pre-tax nominal discount rates applied are as follows:

Significant (CGUs) Cash-generating units	Geographical location	Currency	2020	2019
Avis Rent a Car southern Africa	Southern Africa	ZAR	**25.3% ****	16.3%
Avis Fleet Southern Africa	Southern Africa	ZAR	**23.3%**	23.5% – 25.6%
Equipment Russia	Russia	USD	**13.3%**	12.0%
BZAMM	Rest of Africa	USD	**18.3%**	18.0%
Other	Various	Various	**14.6% – 28%**	14.2% – 19%

** In current year discount rate based on Cost of Equity whilst prior year discount rate based on WACC due to refinements in the RAC valuation models.

Long-term growth rates applied to extrapolate cash flows are as follows:

Significant CGUs	Geographical location	Currency	2020	2019
Avis Rent a Car southern Africa	Southern Africa	ZAR	**4.7%**	5.0%
Avis Fleet southern Africa	Southern Africa	ZAR	**4.7%**	5.0%
Equipment Russia	Russia	USD	**1.9%**	2.1%
BZAMM	Rest of Africa	USD	**1.8%**	2.0%
Other	Various	Various	**4.7%**	2.0% – 5.0%

Sales growth rates: sales growth rates have been derived by analysing historical data, considering growth rates projected by the senior management teams which includes price and volumes and considering the economic and trading conditions of each area within South Africa and the rest of the world.

Gross margins: gross margins have been derived by analysing historical data, approved forecast gross margins for the forecast period, and considering the impact of currency fluctuations.

Operating costs have been derived by analysing historical data, considering economic and trading conditions, committed and uncommitted capital expenditure, and operating requirements coupled by various operational improvement initiatives.

Working capital: working capital requirements are driven by required stock turn ratios, credit terms and capital expenditure requirements.

Long-term growth rates: long-term growth rates are based on the longer term inflation and currency expectations for the various industries in South Africa and the rest of the world.

As at 30 September 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the Group's individual cash-generating units to exceed their value in use.

12 GOODWILL continued

Headroom Summary

R million	Avis Rent a Car southern Africa	Avis Fleet Services southern Africa
Recoverable amount (based on value in use)	1 605	1 245
Headroom	690	776

13 INTANGIBLE ASSETS

	2020					2019				
	Capitalised software Rm	Patents, trademarks, development costs Rm	Supplier relationships Rm	Customer relationships, order backlog Rm	Total intangible assets Rm	Capitalised software Rm	Patents, trademarks, development costs Rm	Supplier relationships Rm	Customer relationships, order backlog Rm	Total intangible assets Rm
COST										
At 1 October	**1 179**	**210**	**1 327**	**204**	**2 920**	1 096	193	1 336	207	2 832
Subsidiaries acquired#		**9**	**773**		**782**					
Additions	**80**	**3**			**83**	158	4			162
Disposal or deconsolidation of subsidiaries	**(7)**	**(1)**			**(8)**	(2)		(65)		(67)
Disposals	**(85)**	**(21)**		**(37)**	**(143)**	(73)	13		(9)	(69)
Reclassification	**63**	**60**			**3**	(6)			6	
Translation differences	**10**	**(1)**	**76**	**1**	**86**	6		56		62
At 30 September	**1 240**	**139**	**2 176**	**168**	**3 723**	1 179	210	1 327	204	2 920
ACCUMULATED AMORTISATION AND IMPAIRMENT										
At 1 October	**831**	**190**	**194**	**145**	**1 360**	785	189	193	135	1 302
Charge for the year	**114**	**7**	**4**	**11**	**136**	91	9	1	14	115
Subsidiaries acquired	**37**	**(37)**								
Disposal or deconsolidation of subsidiaries	**(5)**				**(5)**	(2)				(2)
Disposals	**(79)**	**(21)**		**(37)**	**(137)**	(47)	(8)		(4)	(59)
Impairment^	**26**	**1**	**708**		**735**					
Translation differences	**8**		**(5)**	**1**	**4**	4				4
At 30 September	**932**	**140**	**901**	**118**	**2 091**	831	190	194	145	1 360
CARRYING AMOUNT										
At 30 September	**308**		**1 276**	**50**	**1 632**	348	20	1 133	59	1 560
Less: Classified as held for sale (note 22)						(2)				(2)
Total Group	**308**		**1 276**	**50**	**1 632**	346	20	1 133	59	1 558

Acquisition of Mongolia in the current financial year included Supplier relationship with Caterpillar which will be amortised over the remaining useful life of 20 years. Refer to note 38.

^ With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all indefinite life intangible assets were assessed for impairment at 30 September 2020 which resulted in the below mentioned impairments.

13 INTANGIBLE ASSETS continued

Impairments recognised in the year

	Category/class of intangible assets	Geographical location	Reportable segment to which the CGUs belong	30 Sep 2020 Rm
Equipment Botswana, Zambia, Angola, Mozambique, Malawi (BZAMM)*	Supplier Relationships	Rest of Africa	Equipment southern Africa	**708**
Other	Other Software	South Africa	Various	**27**
Total				**735**

* BZAMM

COVID-19 had a significant impact on the performance of the Group and is expected to continue to do so for at least the remainder of the calendar year, given the fluid and challenging environment. The mandatory lockdown measures imposed to curb the pandemic resulted in the closure of a significant number of the Group's which all led to a decreased overall demand in the short-term. The uncertainty of the effects of COVID-19 on future cash flows has necessitated the use of judgements and assumptions in estimating the impact on the carrying value of certain assets, in applying the accounting policies in the preparation of the Annual Financial Statements. Accordingly, an impairment charge has been recognised for the supplier relationship intangibles in the BZAMM territories of R708 million. This was as a result of lower expected short and long-term growth rates in these regions negatively impacted on expected mining and construction activity levels which drive the cash flows of this CGU. Further, the higher discount rate applied to these lower forecast cash flows was a primary driver of the impairment recognised for the current year.

Significant cash-generating units (CGUs)	Useful life	Geographical Location	Reportable segment to which the CGUs belong	Carrying value 2020 Rm	Carrying value 2019 Rm	Accumulated impairments 2020 Rm
Equipment Russia	Indefinite	Russia	Equipment Eurasia	**214**	195	
Equipment South Africa	Indefinite	South Africa	Equipment South Africa	**277**	277	
Equipment Mongolia	Definite	Mongolia	Equipment Eurasia	**764**		
BZAMM	Indefinite	Rest of Africa	Equipment Southern Africa		640	**708**
Other	Indefinite	Various	Various	**21**	20	
Supplier Relationship intangible assets				**1 276**	1 132	**708**

The Equipment South Africa and Russia indefinite life intangible assets classified as Supplier Relationship are in relation to a dealer agreement which has no fixed termination date. The indefinite useful life is supported by Barloworld's long standing relationship with Caterpillar Incorporated (CAT), as the exclusive CAT mining equipment dealer in South Africa, BZAMM and parts of Russia.

The key assumptions used in the value-in-use calculation for the CGUs shown above are as follows:

At each impairment testing interval a discounted cash flow valuation model is applied using a five-year strategic plan as approved by the board. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the Group adjusted for the estimated impact of COVID-19 on the various businesses in the medium-term and the expected prolonged recovery from this global crisis which has impacted long-term growth rates across our businesses. The process ensures that significant risks and sensitivities are appropriately considered and factored into strategic plans.

The discount rate applied to the five year forecast period has been outlined for each cash-generating unit in the table below. Discount rates applied to cash flow projections are based on a country or region-specific discount rate, dependent upon the location of cash-generating segment operations. As at 30 September 2020 there was a marked increase in discount rates as a result of increased risk free rates used within the discount rate calculations together with higher country risk premiums across the territories in which we operate.

13 INTANGIBLE ASSETS continued

The pre-tax nominal discount rates applied are as follows:

Significant cash-generating units (CGUs)	Geographical location	Currency	2020 %	2019 %
Equipment Russia	Russia	USD	**13.3%**	12.0%
Equipment South Africa	South Africa	ZAR	**17.7%**	18.0%
BZAMM	Rest of Africa	USD	**18.3%**	16.8%
Other	South Africa	ZAR	**15.8%**	14.6%

Long-term growth rates applied to extrapolate cash flows are as follows:

Significant cash-generating units (CGUs)	Geographical location	Currency	2020 %	2019 %
Equipment Russia	Russia	USD	**1.9%**	2.1%
Equipment South Africa	South Africa	ZAR	**4.7%**	5.0%
BZAMM	Rest of Africa	USD	**1.8%**	2.0%
Other	South Africa	ZAR	**4.7%**	5.0%

As at 30 September 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the Group's individual cash-generating units to exceed their recoverable amount (value in use).

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	(Loss)/income from associates and joint ventures		Carrying value of the investment	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Associates	**47**	(15)	**745**	693
Joint ventures	**(95)**	246	**1 403**	1 560
Total per income statement/statement of financial position	**(48)**	231	**2 148**	2 253

Impairment of investments arises when the recoverable amount of the Investment is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. For the purposes of assessing the above Investments for impairment, the recoverable amount was based on the fair value less costs to sell method.

With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all investments in associates and joint ventures were assessed for impairment at 30 September 2020 which resulted in the below mentioned impairments.

Impairments recognised in the year	Geographical location	Reportable segment	2020 Rm	2019 Rm
BHBW South Africa (Pty) Limited	South Africa	Equipment and Handling	**187**	
BHBW Zambia Limited	Zambia	Equipment and Handling	**7**	**16**
Barloworld Maponya (Pty) Limited*	South Africa	Automotive	**16**	**9**
Total			**210**	**25**

* The impairment of loan in Barloworld Maponya (Pty) Ltd in the current year is recognised in operating expenses.

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

The following key assumptions have been used in determining the fair value less costs to sell of each investment at 30 September 2020:

	Bartrac Equipment Limited	BHBW South Africa (Pty) Limited	NMI Durban South Motors (Pty) Ltd*
Pre-tax nominal discount rate	19.7%	17.4%	15.3%
Terminal growth rate	1.9%	4.7%	4.7%

* It should be noted that the investment in NMI Durban South Motors (Pty) Ltd was impaired by R124 million at 31 March 2020 but has subsequently been reversed after it was concluded that since the economy transitioned to level 3 lockdown with dealerships allowed to resume operations, an improvement in vehicle sales was experienced. As a result of the extensive planning prior to the relaxation of restrictions, supported by our existing infrastructure the dealership was in a position to commence trading as soon as restrictions were eased. This readiness, coupled with the sufficient availability of vehicles, enabled successfully trade since the restrictions have tapered off.

Reasons for impairment are as follows:

BHBW South Africa (Pty) Ltd
Projections indicate the Company will continue to make losses through 2020 and 2021 impacted by the COVID-19 crisis and the related economic downturn. The impairment recognised is a reflection of projected cash flows in the current market environment. The discount rate increased in the period under review, further impacting on the valuation.

The sensitivity of management's assumptions as applied in the valuation is demonstrated below. Specifically, the sensitivity analysis indicates the point at which the headroom over the carrying value is reduced to zero (break even). Each sensitivity has been performed independently and not cumulatively across all assumptions.

As at 30 September 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the Group's individual CGUs to exceed their recoverable amount (fair value less costs to sell) (other than for those investments that were impaired in the year).

The pre-tax nominal discount rates (discount rate) breakeven sensitivity	**BHBW South Africa (Pty) Limited**
Discount rate base case	17.4%
Discount rate breakeven level^	18.3%

^ Level of discount rate at which Headroom is R0.

Long-term growth breakeven sensitivity	**BHBW South Africa (Pty) Limited**
Base case long-term growth rate	4.7%
Long-term growth rate breakeven level*	3.3%

* Long-term growth rate can drop to below 0% before investment is fully impaired.

DETAILS OF MATERIAL JOINT VENTURES

Details of material joint ventures at the end of the reporting period are as follows:

Name of joint venture	**Principal activity**	**Place of incorporation**	**Proportion of ownership interest and voting rights held by the Group**	
			2020	**2019**
Bartrac Equipment Limited	Caterpillar dealer	Mauritius	**50%**	50%

The joint venture operates in Mauritius and the DRC.

Summarised financial information in respect of the Group's material joint venture is set out below, the summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

Bartrac Equipment Limited	2020 Rm	2019 Rm
Statement of financial position		
Cash and cash equivalents	**401**	79
Total current assets (excluding cash and cash equivalents)	**1 621**	2 222
Non-current assets	**1 389**	1 112
Total current liabilities	**506**	676
Total non-current liabilities	**205**	205
Net asset value	**2 700**	2 532
Barloworld share of net asset value	**1 350**	1 266
Income statement		
Revenue	**2 966**	4 506
Depreciation and amortisation	**(103)**	(122)
Interest income		40
Interest expense	**(24)**	
Income tax expense	**(83)**	68
(Loss)/net profit after tax	**(82)**	536

Reconciliation of the carrying amount of the interest in Bartrac recognised in the consolidated financial statements	2020 Rm	2019 Rm
Original cost	**38**	38
Equity accounted earnings to date	**1 550**	1 591
Dividends	**(719)**	(719)
Foreign Currency Translation	**481**	356
Carrying amount of the Group's interest in Bartrac Equipment Limited	**1 350**	1 266

Name of Joint Venture	Principal activity	Place of incorporation	Proportion of ownership interest and voting rights held by the Group 2020	2019
BHBW South Africa (Proprietary) Limited	Supply of Agricultural and Materials Handling goods and services	South Africa	**50%**	50%

Summarised financial information in respect of the Group's material joint venture is set out below, the summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

BHBW South Africa (Proprietary) Limited	2020 Rm	2019 Rm
Statement of financial position		
Total current assets	**639**	948
Non-current assets	**428**	300
Current financial liabilities (excluding trade and other payables and provisions)	**41**	388
Total current liabilities	**603**	654
Total non-current liabilities		13
Net asset value	**464**	581
Barloworld share of net asset value	**232**	290
Income statement		
Revenue	**1 193**	1 256
Depreciation and amortisation	**69**	16
Interest expense	**37**	28
Income tax expense	**(2)**	(10)
Net loss after tax	**(116)**	(32)

Reconciliation of the carrying amount of the interest in BHBW South Africa (Proprietary) Limited recognised in the consolidated financial statements	2020 Rm	2019 Rm
Original cost	**301**	301
Equity accounted (loss)/earnings to date	**(69)**	(11)
Impairment recognised	**(187)**	
Carrying amount of the Group's interest in BHBW South Africa (Proprietary) Limited	**45**	290

Aggregate information of other joint ventures that are not individually material:	2020 Rm	2019 Rm
Group's share of loss	**4**	(6)

Reconciliation of income statement/ statement of financial position	(Loss)/income from joint venture		Carrying value of the investment	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Bartrac Equipment Limited and BHBW South Africa (Proprietary) Limited	**(99)**	252	**1 395**	1 556
Aggregate loss/carrying value of non-material joint ventures	**4**	(6)	**8**	4
Total income and carrying value of joint ventures	**(95)**	246	**1 403**	1 560

DETAILS OF MATERIAL ASSOCIATES

Name of associates	Principal activity	Place of incorporation	Proportion of ownership interest and voting rights held by the Group 2020	2019
NMI Durban South Motors (Pty) Ltd	Sale and servicing of motor vehicles and sale of parts	South Africa	**50%**	50%

Summarised financial information in respect of the Group's material associates is set out below, the summarised financial information represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

The Group accounts for NMI Durban South Motors (Pty Ltd using the equity accounting method as Barloworld has the power to participants in the financial and operating policy decision of the investee but in control or joint control of these policies.

Although Barloworld has 50% interest, joint control does not exist because the remaining 50% investment in NMI Durban South Motors (Pty) Ltd is held by two parties.

NMI Durban South Motors (Pty) Ltd	2020 Rm	2019 Rm
Statement of financial position		
Cash and cash equivalents	**209**	126
Total current assets (excluding cash and cash equivalents)	**780**	978
Non-current assets	**1 400**	1 389
Current financial liabilities (excluding trade and other payables and provisions)	**31**	7
Total current liabilities	**873**	979
Non-current financial liabilities (excluding trade and other payables and provisions)	**59**	143
Total non-current liabilities	**206**	301
Net asset value*	**1 310**	1 213
Barloworld share of net asset value excluding goodwill	**656**	607
Goodwill	**10**	10
Barloworld share of net asset value including goodwill	**666**	617
Income statement		
Revenue	**3 644**	320
Depreciation and amortisation	**(43)**	2
Interest income	**2**	2
Income tax expense or income	**(11)**	3
Net profit after tax	**110**	8

* The prior year total current assets was adjusted by R126 million due to a duplication of the cash and cash equivalents and the net asset value was adjusted by R195 million for the at acquisition fair value adjustments.

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

Reconciliation of the carrying amount of the interest in NMI Durban South Motors (Pty) Ltd recognised in the consolidated financial statements	**2020 Rm**	**2019 Rm**
Original cost	**451**	451
Goodwill	**212**	212
Equity accounted earnings to date	**56**	4
Adoption on 1 October 2019 upon transition to IFRS 16 Standard^	**(3)**	
Dividends	**(50)**	(50)
Carrying amount of the Group's interest in NMI Durban South Motors (Pty) Ltd	**666**	**617**

^ Refer to note 37 related to changes in accounting policies

Aggregate information of other associate that are not individually material:	**2020 Rm**	**2019 Rm**
Group's share of loss	**(5)**	(19)

Reconciliation of income statement/ statement of financial position	**Income/(loss) from associate**		**Carrying value of the investment**	
	2020 Rm	**2019 Rm**	**2020 Rm**	**2019 Rm**
NMI Durban South Motors (Pty) Ltd	**55**	4	**666**	617
Aggregate (loss)/carrying value of other non-material associates#	**(8)**	(19)	**79**	76
Total (loss)/income and carrying value of associates	**47**	(15)	**745**	693

Included in the carrying value of associates, that are not individually material, is Menlyn Main Towers (Pty) Ltd, in which Barloworld has a 50% shareholding , Irene Khaya Property Investment (Pty) Ltd, in which Barloworld also has a 50% shareholding and Optron (Pty) Ltd in which Barloworld has a 20% shareholding. These entities are not jointly controlled and as such are classified as associates.

All of the associates and joint ventures are incorporated and operational in South Africa, except:

Name of the Associate/Joint Ventures	Principal Activity	Place of incorporation	Year-end
Barzem Enterprises (Pty) Limited	Caterpillar dealer	Zimbabwe	31 August*
Bartrac Equipment Limited	Caterpillar dealer	Mauritius	31 December*
Africa United Equipment	Liaison Office	Hong Kong	31 December*

* The different year ends of the associates and joint ventures listed above have been agreed to based on the tax year ends of the jurisdictions in which these businesses operate and/or to coincide with our partners' financial year ends and do not have a material impact on the results.

There are no restrictions on the ability of the Group's joint ventures and associates to transfer funds to the Group in the form of cash dividends or to repay loans or advances owing to the Group.

The Group has no commitments arising from its involvement with joint ventures and associates.

Financial liabilities arising from the issuance of guarantees over obligations of the joint ventures and associates are disclosed in credit risk note 34.2.d. The Group considers the probability of loss arising from these guarantees as remote as the financial position of these investments is considered sufficient to repay debts as and when they are due and payable.

		2020 Rm	Restated 2019 Rm
15	**FINANCE LEASE RECEIVABLES**		
	Amounts receivable under finance leases:		
	Net investment	**381**	353
	Less: Unearned finance income	**(67)**	(54)
	Present value of minimum lease payments receivable	**314**	299
	Receivable as follows:		
	Present value		
	Within one year – included in trade and other receivables (note 19)*	**127**	142
	Year 2	**93**	86
	Year 3	**41**	34
	Year 4	**40**	23
	Year 5	**12**	10
	Year 6 and onwards	**1**	4
		314	299
	Minimum lease payments		
	Within one year	**146**	151
	In the second to fifth year inclusive	**235**	202
		381	353
	Less: Unearned finance income	**(67)**	(54)
		314	299
	Unguaranteed residual values of assets leased under finance leases.	**42**	42

Long-term vehicle fleet is leased to customers for periods ranging from 15 to 60 months. The average lease term is 45 months (2019: 44 months) and the majority of these leases are at interest rates linked to the South African prime rate. The weighted average interest rate on lease receivables for the year 30 September 2020 was 11.03% per annum (2019: 11%).

The full balance is expected to be received with no history of impairments with the counterparty in the past, and no future losses expected, an expected credit loss provision is therefore not required.

The profit related to finance leases amounts to R7 million within Equipment operating segment.

Investment income earned on the net investment in the leases amounts to R 43 million (2019: R38 million).

No variable income portion has been excluded in the measurement of the net investment in the lease.

Although there have been no significant changes in the carrying amount of the net investment in finance leases, the adoption of IFRS 16 has resulted in specific short term sale and lease back transactions realising a right of use asset and lease liability which were derecognised immediately and recorded as finance lease receivables in the period amounting to R30 million.

		2020 Rm	Restated 2019 Rm
16	**LONG-TERM FINANCIAL ASSETS**		
	Listed investments at fair value	**2**	2
	Unlisted investments at fair value	**78**	62
	Unlisted debt instruments*^	**102**	447
	Other receivables	**105**	199
	Total per statement of financial position	**287**	710

* The Group remains invested in Dollar linked Angolan government bonds. On maturity the bonds will be settled in Kwanza. At September 2020, the Group's investment in these bonds was $31.7 million (2019: $57 million) of which long term was $6.1 million (2019: $29 million).

^ Immaterial credit loss arising from unlisted debt instruments and other receivables

The above assets have been assessed for impairment based on the historical and forecast dividends received and no impairment is required. Refer to note 34.1.1 regarding the fair value of the Angolan bonds.

		2020 Rm	Restated 2019 Rm
17	**DEFERRED TAXATION**		
	Movement of deferred taxation		
	Balance at beginning of year		
	– deferred taxation assets	**766**	710
	– deferred taxation liabilities	**(572)**	(632)
	Net asset at beginning of year	**194**	78
	Reclassified as held for sale at the beginning of year	**16**	18
	Deferred taxation on adoption of new standards	**73**	(2)
	Recognised in income statement this year	**(22)**	(25)
	– Current movements	**(15)**	(25)
	– Rate change adjustment	**(7)**	
	Arising on deconsolidation or disposal of subsidiaries		41
	Arising on acquisition of subsidiaries*	**(193)**	
	Translation differences	**38**	7
	Accounted for directly in other comprehensive income	**103**	94
	Net deferred taxation classified as held for sale (note 20)		(16)
	Other movements	**(1)**	(1)
	Net asset at end of year	**208**	194
	– deferred taxation assets	**1 014**	766
	– deferred taxation liabilities	**(806)**	(572)
	Analysis of deferred taxation by type of temporary difference		
	Deferred taxation assets		
	Capital allowances	**(147)**	(267)
	Right-of-use assets	**(176)**	
	Provisions, long term loans and payables	**298**	349
	Prepayments and other receivables	**64**	197
	Effect of tax losses	**380**	152
	Retirement benefit obligations	**365**	358
	Lease liabilities	**233**	
	Other temporary differences	**(3)**	(23)
		1 014	766

17 DEFERRED TAXATION continued

	2020 Rm	Restated 2019 Rm
Deferred taxation liabilities		
Capital allowances	**(1 097)**	(634)
Right-of-use assets	**(560)**	
Provisions, long-term loans and payables	**141**	120
Prepayments and other receivables	**54**	(14)
Effect of tax losses	**(105)**	45
Lease liabilities	**764**	
Other temporary differences	**(3)**	(89)
	(806)	(572)

* Refer to note 37 on the acquisition of Mongolia.

Refer to note 8 for information on unutilised tax losses.

Provision has been made for South African income tax or foreign taxes that may result from future remittances of undistributed earnings of foreign subsidiaries or foreign corporate joint ventures, where the Group is able to assert that the undistributed earnings are not permanently reinvested. In all other cases, the foreign subsidiaries reinvest the undistributed earnings into future capital expansion projects, maintenance capital and ongoing working capital funding requirements. Unrecognised taxable temporary differences pertaining to undistributed earnings totalled R63 million (2019: R105 million)

18 INVENTORIES

	2020 Rm	Restated 2019 Rm
INVENTORIES		
Work in progress	**608**	786
Equipment	**8 618**	6 165
Vehicles	**2 258**	2 367
Other inventories	**76**	96
Inventory provision^	**(1 390)**	(1 073)
Total Group	**10 170**	8 341
Classified as held for sale (note 22)		(13)
Total per statement of financial position	**10 170**	8 328

Inventories to the value of R1 091 million (2019: R1 070 million) have been encumbered under the Floorplan facilities which are included in other trade payables.

The value of inventories has been determined on the following bases:		
First-in first-out	**2 341**	2 003
Specific identification	**5 704**	5 139
Weighted average	**2 125**	1 186
	10 170	8 328
^ Included within inventory provision are the following: Amount of write-down of inventory to net realisable value and losses of inventory	**270**	193
Amount of reversals of inventory previously written down	**33**	60

		2020 Rm	Restated 2019 Rm
19	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**6 596**	6 709
	Less: Expected credit losses (ECL)[&]	**(1 027)**	(798)
	Net Trade receivables	**5 569**	5 911
	Other financial assets		
	Finance lease receivables (note 15)	**127**	142
	Fair value of derivatives	**15**	49
	Unlisted debt instruments*	**427**	411
	Non-financial assets classified as other receivables		
	VAT receivables	**523**	372
	Prepayments	**331**	297
	Other receivables**^^	**924**	962
	Total Group	**7 916**	8 144
	Classified as held for sale (note 22)		(92)
	Total per statement of financial position	**7 916**	8 052

& This balance includes ECL of R4.3 million as maximum exposure of risk share agreements with Caterpillar Finance.

* The Group remains invested in Dollar-linked Angolan Government bonds. On maturity the bonds will be settled in Kwanza. At September 2020, the Group's investment in these bonds was $31.7 million (2019: $57 million) of which short term was $25.6 million (2019: $28 million).

** This balance is net of expected credit losses of R15 million.

^^ Other receivables mainly relate to refunds from OEMs regarding discount claims or shipment returns within Equipment operating segment of R251 million (2019: R489 million) as well warranty claims, insurance claims, rebates and license fee receivables.

	2020 Rm	Restated 2019 Rm
Expected credit losses (ECL)^		
At 1 October	**798**	770
Adjustment upon application of IFRS 9		(17)
At 1 October under IFRS 9	**798**	753
Current year expected credit losses	**276**	75
Transfer to credit-impaired	**3**	2
Transfer from credit-impaired	**(3)**	(7)
Write off***	**(65)**	(42)
Disposal of subsidiaries	**(3)**	(3)
Translation differences	**21**	20
At 30 September	**1 027**	798
Classified as held for sale (note 22)		(4)
Total per statement of financial position	**1 027**	794

^ The Group measures the loss allowance for trade receivables at an amount equal to the lifetime ECL. Refer to note 34 for further analysis of credit risk related to ECL.

*** The carrying amount of trade receivables that are credit impaired, written off, but still subject to enforcement activity is R0.1 million (2019 R4 million).

	2020 Rm	Restated 2019 Rm
20 CONTRACT ASSETS		
Balance at 1 October	**981**	1 214
Acquisition of subsidiaries	**11**	
Recognition of revenue (using percentage of completion)	**3 507**	4 258
Transfer to receivables (on invoicing)	**(4 008)**	(4 488)
Impairment gain upon reclassification to trade receivables	**1**	
Expected credit losses (refer to reconciliation below)	**(1)**	(4)
Translation differences	**23**	1
Total per statement of financial position	**514**	981
Current portion	**514**	981

Amounts relating to contract assets are balances due from customers in the Equipment and Logistics segments that represent the Group's right to consideration, when the Group performs the contracted performance obligations over time. Payment is conditional on completion of the performance obligations. The contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

	2020 Rm	Restated 2019 Rm
Expected credit losses (ECL)		
Balance at 1 October	**(4)**	
Current year expected credit losses	**(1)**	(4)
	(5)	(4)

21 CASH AND CASH EQUIVALENTS

	2020 Rm	Restated 2019 Rm
Cash on deposit	**6 228**	6 463
Other cash and cash equivalent balances	**515**	840
Total Group	**6 743**	7 303
Classified as held for sale (note 22)		(29)
Total per statement of financial position	**6 743**	7 274
Per currency:		
South African Rand	**2 792**	1 851
United States Dollar^	**1 933**	422
British Sterling	**1 472**	4 547
Other foreign currencies*	**546**	454
	6 743	7 274
Cash balances not available for use due other contractual and foreign exchange restrictions^	**911**	188

^ There is cash of R502 million held in escrow in respect of trade payables owed by Wagner Asia Equipment LLC

* This includes R364 million ($19.5 million) of Angolan Kwanza. (2019: R140 million ($9.9 million)).

22.1 DISCONTINUED OPERATIONS

As at 30 September 2019, Avis Fleet was disclosed as held for sale and a discontinued operation on the basis of management's firm intention to dilute Barloworld's interest in Avis Fleet to a 50% shareholding. Management have subsequently reconsidered this decision and concluded that this initiative will be placed on hold. This position will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix. Going forward Avis Fleet will be presented as part of continuing operations and the 2019 financial statements have been restated accordingly. Refer to note 36 for further details.

	2020 Rm	Restated 2019 Rm
Results from discontinued operations as reported are as follows:		
Current year adjustment to the profit on disposal of Equipment Iberia^		33
Profit from discontinued operations per income statement		33

^ In the previous year, certain tax uncertainties related to our Iberian operations were resolved resulting in the reversal of previously held provisions totalling R33 million. This was a change in estimates in the year and as such it was accounted for prospectively through non-operating and capital items in the income statement.

22.2 ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets and liabilities classified as held for sale are as follows:

2020	Total Held for Sale Rm	Equipment[1] Rm
Property	**29**	**29**

1. The Equipment division has taken the decision to dispose of non-core properties. The resolution to sell the properties was taken in the current financial year and therefore the properties are classified as held for sale as at 30 September 2020.

There have been unexpected delays in the commencement of the Barlow Park property as a result of the outbreak of COVID-19 in the current year and management have decided to revise their decision at this stage resulting in the property no longer shown as held for sale in the current financial year.

2019 Restated	Total Held for Sale Rm	Equipment[1]	Logistics[2]	Corporate[3]
Property, plant and equipment	**175**	70	12	93
Intangible assets	**2**		2	
Deferred tax asset	**16**		16	
Inventories	**13**		13	
Trade and other receivables	**92**		92	
Cash and cash equivalents	**29**		29	
Total assets classified as held for sale*	**327**	**70**	**164**	**93**
Total current payables	**(60)**		(60)	
Short-term provisions	**(18)**		(18)	
Total liabilities associated with assets classified as held for sale**	**(78)**		**(78)**	
Net assets classified as held for sale	**249**	**70**	**86**	**93**

1. This refers to properties within the Equipment division that are in the process of being sold.
2. Assets held for sale in the Logistics business included Middle East and SmartMatta. These businesses were sold in the year.
3. The assets held for sale within the Corporate division relate to the Barlow Park property owned by Barloworld Limited which is in the process of being sold to a consortium of investors with the aim of redeveloping the site into a multi-use precinct.

* Includes financial assets of R121 million

** Includes financial liabilities measured at amortised cost of R60 million

23 SHARE CAPITAL AND PREMIUM

	2020	2019
Authorised share capital		
500 000 (2019: 500 000) 6% non-redeemable cumulative preference shares of R2 each	**1**	1
400 000 000 (2019: 400 000 000) ordinary shares of 5 cents each	**20**	20
	21	21
Issued share capital		
375 000 (2019: 375 000) 6% non-redeemable cumulative preference shares of R2 each	**1**	1
201 025 646 (2019: 212 692 583) ordinary shares of 5 cents each	**10**	11
	11	12
Share premium	**(1 132)**	429
Balance at beginning of year	**429**	429
Share buy-back and cancel (note 3 below)	**(1 561)**	
Total issued share capital and premium	**(1 121)**	441
Issued shares:		
Number of shares in issue at beginning of year	**212 692 583**	212 692 583
Issued during the year:		
Share buy-back and cancel (note 3 below)	**(18 245 058)**	
Total number of ordinary shares in issue at end of year, excluding B-BBEE shares	**194 447 525**	212 692 583
Other shares issued in respect of B-BBEE transaction (note 4 below)	**6 578 121**	
Total number of ordinary shares in issue at end of year, including B-BBEE shares	**201 025 646**	212 692 583
Less treasury shares (note 5 below)	**(1 690 217)**	(1 423 734)
Net number of ordinary shares in issue at end of year	**199 335 429**	211 268 849
Unissued shares (note 1 below):		
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 2 below)	**23 129 182**	23 129 182
Ordinary shares	**175 845 172**	164 178 235
	198 974 354	187 307 417
6% non-redeemable cumulative preference shares	**125 000**	125 000

Notes:

1. The directors have no general authority to issue shares.
2. The shareholders at the general meeting on 20 January 2005 reserved shares for the purpose of the Barloworld Share Option Scheme.
3. During the year, 18 245 058 shares were repurchased and cancelled as part of the Group's formal buy-back programme .
4. At the general meeting of the company held on 14 February 2019 the Groups' B-BBEE transaction Khula Sizwe was approved. During the year, 6 578 121 shares were issued during the year to the Barloworld Empowerment Foundation. There were no costs incurred in issuing these shares.

	2020	2019
5. Reconciliation of Treasury shares:		
Balance on 1 October	**1 423 734**	1 570 042
Acquisition of shares for employee share-based scheme	**1 268 300**	861 410
Shares vested and exercised	**(606 304)**	(887 788)
Shares lapsed in terms of the employee share scheme	**(395 513)**	(119 930)
Balance on 30 September	**1 690 217**	1 423 734

The directors have a general authority to buy back up to 10% of the ordinary shares issued by the Company.

There are no rights preferences or restrictions on the ordinary shares in issue with the exception of those shares issued to the Barloworld Empowerment Foundation (note 4 above) where any sale of these shares must first be approved by Barloworld management. Preference shares have rights to fixed dividend payments at each interim and year end.

		2020 Rm	2019 Rm
24	**INTEREST-BEARING LIABILITIES**		
	Total long-term borrowings (note 34.2)	**7 494**	6 754
	Less: Current portion redeemable and repayable within one year (note 30)	**(1 597)**	(2 133)
	Total per Statement of Financial Position	**5 897**	4 621

	Total owing 2020	Repayable during the year ending 30 September 2021	2022	2023	2024	2025 and onwards	Total owing 2019
Summary of Group borrowings by currency and by year of redemption or repayment							
Rm							
Total South African Rand	**7 292**	1 398	4 309	302	291	992	6 521
Total foreign currencies	**202**	199	3				233
Total South African Rand and foreign currency liabilities	**7 494**	1 597	4 311	303	291	932	6 754

	Liabilities secured		Net book value of assets encumbered	
Included above are secured liabilities as follows:	**2020 Rm**	**2019 Rm**	**2020 Rm**	**2019 Rm**
Secured liabilities				
Secured loans				
South African Rand	**12**		**17**	22
Liabilities under capitalised finance leases				
South African Rand	**231**	341	**340**	362
Foreign currencies	**6**		**6**	
Total secured liabilities	**249**	341	**363**	384
Assets encumbered are made up as follows:				
Property, plant and equipment			**363**	384
			363	384

24 INTEREST-BEARING LIABILITIES continued

Included in interest-bearing liabilities

Certificate	Issued	Maturity	Comparable Treasury Stock	Spread bps	Yield %	Type	2020 Rm	2019 Rm
BAW18	5-Dec-13	5-Dec-20	3-month Jibar	170	5.66	Floating rate	**355**	355
BAW19	5-Dec-13	5-Dec-20	Fixed	Fixed	9.56	Fixed rate (NACS)	**472**	472
BAW21	24-Mar-15	24-Mar-22	Fixed	Fixed	9.30	Fixed rate (NACS)	**710**	710
BAW22	7-Dec-15	7-Dec-22	3-month Jibar	200	5.94	Floating rate	**252**	252
BAW25	9-May-17	8-May-20	3-month Jibar	180	8.36	Floating rate		582
BAW26U	11-May-17	11-May-21	3-month Jibar	195	5.45	Floating rate	**250**	250
BAW27U	11-May-17	11-May-22	3-month Jibar	210	5.60	Floating rate	**250**	250
BAW28	6-Jun-17	6-Jun-22	3-month Jibar	205	5.99	Floating rate	**500**	500
BAW29	22-Feb-18	22-Feb-23	3-month Jibar	180	5.24	Floating rate	**400**	400
BAW30	5-Dec-18	5-Dec-21	3-month Jibar	139	5.35	Floating rate	**700**	700
BAW31	30-Sep-19	30-Sep-22	3-month Jibar	130	5.21	Floating rate	**500**	500
BAW32U	14-May-20	15-May-23	Fixed	Fixed	6.73	Fixed rate (NACS)	**700**	
Fees capitalised							**(6)**	(6)
							5 083	4 965

	2020 Rm	2019 Rm
25 PROVISIONS AND OTHER ACCRUALS		
Non-current	**129**	123
Current	**622**	619
Total Group	**751**	742
Classified as held for sale (note 22)		(18)
Total per statement of financial position	**751**	724

Movement of provisions	Total 2020 Rm	Warranty claims Rm	Maintenance contracts Rm	Other provisions and accruals Rm
Balance at beginning of year per statement of financial position	**742**	**298**	**36**	**408**
Adoption on 1 October 2019 upon transition to IFRS 16 Standard	**(33)**			**(33)**
Acquisition of business	**11**	**11**		
Amounts added	**872**	**233**	**402**	**237**
Amounts used	**(718)**	**(242)**	**(312)**	**(164)**
Amounts reversed unused	**(148)**	**(43)**	**(82)**	**(23)**
Disposal of subsidiaries	**(8)**			**(8)**
Translation adjustments	**33**	**13**	**(4)**	**24**
Total per statement of financial position	**751**	**270**	**40**	**441**
To be incurred				
2020				
Within one year	**622**	**265**	**16**	**341**
Between two to five years	**129**	**5**	**24**	**100**
	751	**270**	**40**	**441**

25 PROVISIONS AND OTHER ACCRUALS continued

Movement of provisions	Total 2020 Rm	Warranty claims Rm	Maintenance contracts Rm	Other provisions and accruals Rm
2019				
Within one year	**600**	284	14	302
Between two to five years	**137**	14	22	101
More than five years	**5**			5
	742	298	36	408

Warranty claims

The provisions relate principally to warranty claims on capital equipment, spare parts and services. The estimate is based on claims notified and past experience.

Maintenance contracts

This relates to deferred revenue on maintenance and repair contracts on motor vehicles. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned. The timing of these cash flows is an area of judgement.

Other provision and accruals

Other provisions include various small amounts making up a large total including legal provisions R87 million (2019: R88 million) and insurance claim provisions of R31 million (2019: R29 million) and defleeting provisions of R31 million.

Other accruals include various smaller employee related amounts for retention plans of R23 million (2019: R39 million) and FSP cash settled provisions of R8 million (2019: R30 million).

	2020 Rm	Restated* 2019 Rm
26 OTHER NON-CURRENT LIABILITIES		
Retirement benefit obligation	**1 916**	2 111
Other payables	**90**	136
Total per statement of financial position	**2 006**	2 247

* Deferred income maintenance contracts have been reclassified to note 29 Contract liabilities. For further detail regarding reclassification refer to note 36.

RETIREMENT BENEFIT INFORMATION

It is the policy of the Group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the Group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Altogether 83% of employees belong to one defined benefit and nine defined contribution retirement funds in which Group employment is a prerequisite for membership. Of these, the defined benefit and five defined contribution funds are located outside of South Africa and accordingly are not subject to the provisions of the Pension Funds Act of 1956.

Defined contribution plans

The total cost charged to profit or loss of R692 million (2019: R972 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

Defined benefit plans

The Group sponsors a funded defined benefit scheme for qualifying employees in the United Kingdom.

The UK defined benefit scheme is administered by a board of trustees which manages the assets held in trust for the benefit of the scheme members. The trustee board of the pension scheme is composed of one employer representative, one member nominated representative and one independent professional trustee. The trustee board is required by the trust deed and rules, pension law and by its articles of association to act in the interests of all relevant stakeholders in the scheme, i.e. current employees, former employees, retirees, and dependants. The scheme closed to future accrual on 31 December 2016.

The scheme exposes the Company to a number of risks, the most significant of which are:

Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the scheme's liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.
Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities and absolute return funds) which, though expected to outperform corporate bonds in the long-term, create volatility risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long-term objectives.
Inflation risk	A significant proportion of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority A significant proportion of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

As the scheme is closed to future accrual, future contributions into the Scheme comprise solely recovery plan contributions if considered necessary. Following the latest triennial valuation at 1 April 2017 the deficit is planned to be funded via recovery plan contributions and investment returns from return-seeking assets. The current recovery plan contribution of £13 million will be paid for nine years up to 1 April 2026. An additional contribution of £24 million was paid by the Company, bring the total contributions to £37 million over the accounting year.

	2020 **Rm**	**2019** **Rm**
Past service cost		88
Plan administration expenses	**17**	11
Net loss recognised in profit or loss (note 3)	**17**	**99**
Net interest expenses	**36**	49
Components of defined benefit costs recognised in profit or loss	**53**	148
Actual return on plan assets	**240**	1 083

The scheme is valued by independent actuaries on a triennial basis with the valuation as at 1 April 2020 being the most recent valuation which is still in progress.

The scheme's IAS 19 accounting valuation at 30 September 2020 reflected a deficit of £88.9 million (R1.9 billion) which represents a decrease compared to the deficit in 2019 of £113 million (R2.1 billion). The discount rate decreased from 1.9% in 2019 to 1.5% in 2020. The decreased discount rate resulted in increased liabilities but asset returns were in excess of expectation and the Company made a recovery plan contribution of £37 million, which partially countered the increased liabilities .

The trustee board carry out a strategic investment review following completion of each triennial valuation to ensure that the assets are managed in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the scheme.

The trustee board and the Group are actively considering mechanisms to reduce risk in the scheme. The scheme has concluded two buy-ins with a current IAS19 valuation of £111 million. The trustees intend to continue to seek risk mitigation opportunities to reduce scheme volatility and match liabilities as far as possible. The interest rate hedging was increased to approximately 65% in the year, including the buy-in policies. The scheme invests in Liability Driven Investments (LDI) through use of bonds which match the duration of the liabilities.

26 OTHER NON-CURRENT LIABILITIES continued

The scheme's assets consist primarily of equities (local and offshore), corporate bonds, LDI and insurance policies. The markets performed well resulting in strong returns from the equity and bond markets, which resulted in returns over the year were being £44.8 million (R837 million) higher than projected.

Following a High Court case concluded in 2018, it was confirmed that Guaranteed Minimum Pensions (GMP) needed to be equalized. The IAS 19 balance sheet liabilities include an allowance for 30 September 2020 of £0 and 30 September 2019 £4.7 million for the potential costs of equalizing GMP for the impact between males and females. This cost was recognised as a Past Service cost in the current year's 2018/19 pension expense.

The amount included in the balance sheet arising from the Group's obligations in respect of the defined benefit Scheme is set out below:

	2020 Rm	2019 Rm
Present value of funded obligation	**13 885**	11 891
Fair value of plan assets	**11 969**	9 780
Net liability per statement of financial position	**1 916**	2 111
Movement in present value of funded obligation:		
At beginning of year	**11 891**	10 533
Past service cost		88
Interest cost	**261**	301
Actuarial gains arising from changes in demographic assumptions	**(131)**	(168)
Actuarial losses arising from changes in financial assumptions	**684**	1 613
Actuarial gains arising from experience	**(78)**	(30)
Benefits paid	**(572)**	(582)
Exchange differences	**1 830**	136
At end of year	**13 885**	11 891
Movement in fair value of plan assets:		
At beginning of year	**9 780**	8 780
Interest income	**223**	252
Actuarial gains recognised in the statement of comprehensive income	**247**	827
Plan administration expenses	**(17)**	(11)
Contributions	**819**	402
Benefits paid	**(572)**	(582)
Exchange differences	**1 489**	112
At end of year	**11 969**	9 780
Cumulative actuarial losses	**222**	3 945
Plan assets consist of the following:		
– Equity instruments (%)	**27**	39
– Bonds (%)	**60**	24
– Cash (%)	**13**	37

26 OTHER NON-CURRENT LIABILITIES continued

The defined benefit funds was valued by an independent actuary as follows:

	Valuation interval	Latest statutory valuation
Barloworld UK Pension Scheme	Triennial	1 April 2017*

* The 2020 triennial valuation is still in progress.

Key assumptions used:

	2020	2019
Discount rate (%)	**1.5**	1.9
Expected rate of salary increases (%)	**2.9**	3.0
Future pension increases (%)	**2.8**	2.9
Mortality (table using year of birth)	**S2PA**	S2PA

Sensitivity to key assumptions	Operating expenses £000's	Net interest £000's	Total income statement expense £000's	Scheme assets £000's	Defined benefit obligation £000's	Deficit £000's
Current values	761	1 797	2 558	555 028	(643 899)	(88 871)
Following a 0.2% per annum increase in the discount rate	761	1 797	2 558	557 805	(664 254)	(106 449)
Following a 0.2% per annum increase in the inflation assumption	761	1 797	2 558	557 246	(659 178)	(101 932)
Following a 0.25% increase in the Long-term rate of improvement for post-retirement mortality	761	1 797	2 558	560 553	(673 330)	(112 777)

In assessing the Group's post-retirement liabilities, the Group, following actuarial advice, has used standard mortality tables adjusted to reflect the mortality experience of the Defined Benefit Scheme. The mortality assumption remained consistent with the prior year.

27 LEASE LIABILITIES

	2020 Rm
Adoption on 1 October 2019 upon transition to IFRS 16 Standard^	**2 302**
Liability arising on new leases entered into during the year	**295**
Reclassification	**67**
Repayments of lease obligation (cash flow excluding interest component)	**(342)**
Liability adjustments upon entering into modifications of lease terms during the year	**(10)**
Translation differences	**16**
Gross lease liabilities	**2 328**
Less: Payable within one year included in current liabilities	**(351)**
Long-term portion of lease liabilities	**1 977**

^ Refer to note 37.

27 LEASE LIABILITIES continued

	2020 Rm
Lease liabilities are made of the following classes:	
Land and buildings	**1 975**
Equipment, IT and plant	**38**
Vehicles	**316**
Total	**2 328**

The lease liabilities are secured by the underlying assets. The undiscounted maturity analysis of lease liabilities at 30 September 2020 is as follows:

	2020 Rm
Within one year	**748**
Between two to five years	**2 564**
More than five years	**3 722**
	7 034

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

For more information on the Group's liquidity risk and interest rate risk management, refer to note 34.2.d.

	2020 Rm	Restated 2019 Rm
28 TRADE AND OTHER PAYABLES		
Trade and other payables	**8 657**	8 774
Interest-bearing floor plans	**2 279**	1 427
Fair value of derivatives	**160**	38
Total Group	**11 096**	10 239
Classified as held for sale (note 22)		(60)
Total per statement of financial position	**11 096**	10 179

Refer note 18 for details of inventory pledged as security for payables.

	2020 Rm	Restated 2019 Rm
29 CONTRACT LIABILITIES		
Current portion	**1 272**	870
Non-current portion	**436**	367
Total per statement of financial position	**1 708**	1 237
Balance at 1 October	**1 237**	538
Restated*		554
New contracts (amounts)	**2 798**	782
Reclassifications	**67**	
Amounts recognised in revenue	**(2 039)**	(139)
Amounts used	**(189)**	(497)
Unwinding of discount on present value amounts	**(184)**	(4)
Translation adjustments	**18**	3
Total per statement of financial position	**1 708**	1 237

Refer to accounting policy for more detail.

* Refer to the restatement of deferred maintenance contract on note 36.

		2020 Rm	Restated 2019 Rm
30	**AMOUNTS DUE TO BANKERS AND SHORT-TERM LOANS**		
	Bank overdrafts and acceptances	**398**	812
	Short-term loans	**1 252**	303
	Commercial paper	**251**	500
	Current portion of long-term borrowings (note 24)	**1 597**	2 133
	Total per statement of financial position	**3 498**	3 748
	Per currency:		
	South African Rand	**2 377**	2 268
	Foreign currencies	**1 121**	1 480
		3 498	3 748

Refer to note 34 for salient loan terms and interest rate sensitivity analysis.

		2020 Rm	2019 Rm
31	**DIVIDENDS**		
	Ordinary shares		
	Final dividend No. 182 paid on 13 January 2020: 297 cents per share (2019: No. 180 – 317 cents per share)	**631**	674
	Special dividend No. 182 paid on 13 January 2020: 228 cents per share (2019: NIL)	**483**	
	Interim dividend (2019: No. 181 – 165 cents per share)		350
	Paid to Barloworld Limited shareholders	**1 114**	1 024
	Paid to non-controlling shareholders	**13**	33
		1 127	1 057
	Analysis of dividends declared in respect of current year's earnings:	**2020**	2019
	Ordinary dividends per share	**Cents**	Cents
	Interim dividend		165
	Final dividend		297
			462
	Special dividend per share		228

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

21 May 2019 (paid on 24 June 2019)

1 October 2019 (paid on 4 November 2019)

	2020 Rm	Restated 2019 Rm
32 COMMITMENTS		
Capital expenditure commitments to be incurred:		
Contracted – Property, plant and equipment	**94**	186
Contracted – Intangible assets	**56**	42
Contracted – Vehicle rental fleet	**702**	941
Approved but not yet contracted	**65**	117
Total Group	**917**	1 286

Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the Group.

Lease commitments:

Operating lease commitments*	2019 Rm
Land and buildings	2 060
Motor vehicles	738
Capital equipment and other	475
Total Group	**3 273**

* The Group has adopted IFRS 16 leases on 1 October 2019 and therefore all operating lease commitments are now included on the balance sheet in line with the Group policy adopted. Refer to note 37 for more details on the accounting policy change.

	2020 Rm	2019 Rm
33 CONTINGENT LIABILITIES		
Performance guarantees given to customers and other guarantees and claims	**110**	212
Buy-back and repurchase commitments not reflected on the statement of financial position	**85**	114

Due to a change in characteristics certain guarantees relating to contractual obligations have been removed from contingent liabilities for 2020 and 2019 financial years and is now recognised as financial liabilities for which maturity analysis have been presented in liquidity risk section (refer to note 34 Financial Instruments).

34 FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in credit risk section below. Derivative instruments are used by the Group for hedging purposes. Such instruments include forward exchange, currency option contracts and interest rate swap agreements. The Group does not speculate in the trading of derivative instruments.

34.1.1 CATEGORIES OF FINANCIAL INSTRUMENTS

		2020		
	Notes	Fair value through profit and loss Rm	Fair value through other comprehensive income (OCI)* Rm	Amortised cost Rm
ASSETS				
Finance lease receivables	15			
Long-term financial assets	16	**80**		**198**
Trade and other receivables	19	**15**		**6 096**
Cash and cash equivalents	21			**6 743**
Total assets		**95**		**13 037**

		2020		
	Notes	Fair value through profit and loss Rm	Fair value through other comprehensive income (OCI)* Rm	Amortised cost Rm
LIABILITIES				
Interest-bearing non-current liabilities	24			**5 897**
Lease liabilities non-current	27			**1 977**
Other non-current liabilities	26	**84**		**442**
Lease liabilities current	27			**351**
Trade and other payables	28	**9**	**151**	**9 917**
Amounts due to bankers and short-term loans	30			**3 498**
Total liabilities		**93**	**151**	**22 081**

* This relates to forward exchange contracts that are part of a cash flow hedging relationship (of which the effective portion has been recognised through OCI and the ineffective portion has been recognised through profit and loss).

	2020			
	Finance lease receivables	Total Financial Assets	Non-financial assets	Total Amount
	Rm	Rm	Rm	Rm
	187	187		187
		278	9	287
	127	6 238	1 678	7 916
		6 743		6 743
	314	13 446	1 687	15 133

	2020		
	Total financial liabilities	Non-financial liabilities	Total Amount
	Rm	Rm	Rm
	5 897		5 897
	1 977		1 977
	525	1 481	2 006
	351		351
	10 077	1 020	11 097
	3 498		3 498
	22 324	2 501	24 825

34 FINANCIAL INSTRUMENTS continued

34.1.1 CATEGORIES OF FINANCIAL INSTRUMENTS continued

		2019 Restated		
	Notes	Fair value through profit and loss Rm	Fair value through other comprehensive income (OCI)* Rm	Amortised cost Rm
ASSETS				
Finance lease receivables	15			
Long-term financial assets	16	64		613
Trade and other receivables	19	4	45	7 297
Cash and cash equivalents	21			7 303
Total assets		68	45	15 212

		2019 Restated		
	Notes	Fair value through profit and loss Rm	Fair value through other comprehensive income (OCI)* Rm	Amortised cost Rm
LIABILITIES				
Interest-bearing non-current liabilities	24			4 621
Other non-current liabilities	26			146
Trade and other payables	28	37	1	8 792
Amounts due to bankers and short-term loans	30		15	3 732
Total liabilities		37	16	17 291

* This relates to forward exchange contracts that are part of a cash flow hedging relationship (of which the effective portion has been recognised through OCI and the ineffective portion has been recognised through profit and loss).

All financial instruments are carried at fair value or amounts that approximate fair value, except for the non-current portion of fixed rate receivables, payables and interest-bearing borrowings, which are carried at amortised cost. The carrying amounts for investments, cash, cash equivalents as well as the current portion of receivables, payables and interest-bearing borrowings approximate fair value due to the short-term nature of these instruments. The fair values have been determined using available market information and discounted cash flows.

For all of the above mentioned financial asset categories the carrying value approximates the fair value with the exception the Angolan Bonds included within long-term financial asset and trade and other receivables where the fair value as at 30 September 2020 exceeds the carrying value by R22 million (30 September 2019: R30 million). note that the Angolan Bonds are measured at amortised cost, however, had they been measured at fair value they would represent a level 2 financial instruments valued in line with comparable hedging instruments.

For all of the abovementioned categories the carrying value approximates the fair value with the exception of non-current interest bearing liabilities where the fair value as at 30 September 2020 has been calculated as R95 million (2019: R33 million).

2019 Restated

	Finance lease receivables Rm	Total financial assets Rm	Non-financial assets Rm	Assets held for sale Rm	Total amount Rm
	157	**157**			**157**
		677	33		**710**
	49	**7 395**	749	(92)	**8 052**
		7 303		(29)	**7 274**
	206	15 531	782	(121)	**16 193**

2019 Restated

	Total financial liabilities Rm	Non-financial liabilities Rm	Liabilities held for sale Rm	Total amount Rm
	4 621			**4 621**
	146	2 452		**2 247**
	8 830	1 471	(60)	**10 179**
	3 747	1		**3 748**
	17 344	3 924	(60)	**20 795**

34 FINANCIAL INSTRUMENTS continued

34.1.2 FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets. The markets from which these quoted prices are obtained are the bonds market, the stock exchange as well other similar markets.

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The valuation techniques used in deriving level 2 fair values are consistent with valuing comparable hedging instruments (foreign exchange contracts and interest rate swaps). The primary input into these valuations are foreign exchange rates and prevailing interest rates which are derived from external sources of information.

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation techniques used in deriving level 3 fair values are discounted cash flows as well as the net asset value approach of the investment that is being valued. This information is based on unobservable market data, and adjusted for based on management's experience and knowledge of the investment.

	2020			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit or loss				
Long-term financial assets	2		78	80
Trade and other receivables		15		15
Total	2	15	78	95
Financial liabilities at fair value through profit or loss				
Other non-current liabilities		84		84
Trade and other payables		9		9
Financial liabilities at FVOCI*				
Trade and other payables		151		151
Total		244		244

* This relates to forward exchange contracts that are part of a cash flow hedging relationship (of which the effective portion has been recognised through OCI and the ineffective portion has been recognised through profit and loss).

34.1.2 FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION continued

	2019			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit or loss				
Long-term financial assets	2		62	64
Trade and other receivables		4		4
Financial assets at FVOCI*				
Trade and other receivables		45		45
Total	2	49	62	113
Financial liabilities at fair value through profit or loss				
Trade and other payables		37		37
Financial liabilities at FVOCI*				
Trade and other payables		1		1
Amounts due to bankers and short-term loans		15		15
Total		53		53

* This relates to forward exchange contracts that are part of a cash flow hedging relationship (of which the effective portion has been recognised through OCI and the ineffective portion has been recognised through profit and loss).

Reconciliation of Level 3 Fair Value Measurements

	Fair Value through profit and loss:		
	Unlisted shares note 1	Investment in cell captives note 2	Total
Balance as at 1 Oct 2018	**5**	**53**	**58**
Total gains recognised in profit and loss		4	4
Balance 30 September 2019	**5**	**57**	**62**
Total gains recognised in profit and loss	**11**	**5**	**16**
Balance 30 September 2020	**16**	**62**	**78**

Note 1

Unlisted shares are measure at fair value considering the latest arm's length share trade information available for this investment. Sensitivity to inputs is considered immaterial for further disclosure.

Note 2

The valuation techniques used in deriving fair value of investments in cell captures are based on net asset value approach of the underlying cell captives. Sensitivity to inputs is considered immaterial for further disclosure.

34 FINANCIAL INSTRUMENTS continued

34.2 FINANCIAL RISK MANAGEMENT

a. Capital risk management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of debt (refer notes 24 and 30), cash and cash equivalents (note 21) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 23), reserves and retained earnings (statement of changes in equity).

A finance committee consisting of senior executives of the Group meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, to analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The Group has targeted gearing ratios for each major business segment. The Group's various treasury operations provide the Group with access to local money markets and provide Group subsidiaries with the benefit of bulk financing and depositing.

b. Market risk

i) Currency risk

Trade commitments

Currency risk arises because the Group enters into financial transactions denominated in a currency other than the functional currency of the Group. The Group's currency exposure management policy for the southern African operations is to hedge substantially all material foreign currency trade commitments in which customers have or will not be accepting the currency risk. In respect of offshore operations, where there is a traditionally stable relationship between the functional and transacting currencies, the need to take foreign exchange cover is at the discretion of the divisional board. Each division manages its own trade exposure within the overall framework of the Group policy. 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 were entered into to cover foreign commitments not yet due or proceeds not yet received. The risk of having to close out these contracts is considered to be low.

Net currency exposure and sensitivity analysis

The following table represents the extent to which the Group has monetary assets and liabilities in currencies other than the Group companies' functional currency. The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured. Based on the net exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against divisional functional currency will impact the fair value of the net monetary assets/liabilities of the Group to the extent of R58 million (2019: R288 million), of which R13 million (2019: R26 million) will impact other comprehensive income and R45 million (2019: R262 million) will impact profit or loss.

34.2 FINANCIAL RISK MANAGEMENT continued

Net foreign currency monetary assets/(liabilities)

	CURRENCY OF ASSETS/(LIABILITIES)				
	SA Rand Millions	Euro Millions	British Sterling Millions	US Dollar Millions	Total Millions
Functional currency of Group operation:					
SA Rand	**n/a**	**8**	**21**	**(624)**	**(595)**
British Sterling	**4**		**n/a**	**1**	**5**
US Dollar	**12**	**123**	**1 052**	**n/a**	**1 186**
Other currencies	**(129)**			**(1 049)**	**(1 178)**
As at 30 September 2020	**(112)**	**131**	**1 072**	**(1 673)**	**(582)**
SA Rand	n/a	29	(49)	(1 647)	(1 667)
British Sterling	8	136	n/a	4 493	4 637
US Dollar	(94)	104	(9)	n/a	1
Other currencies	(62)			(32)	(94)
As at 30 September 2019	**(148)**	**269**	**(58)**	**2 814**	**2 877**

	Fair value 2020 Rm	2019 Rm
Hedge accounting applied in respect of foreign currency risk		
Cash flow hedges		
– fair value of (asset)/liability – foreign currency forward exchange contracts	**151**	30

The foreign currency contracts have been acquired to hedge the underlying currency risk arising from a firm commitment to acquire equipment machines as well as the forecast purchases of spare parts. All cash flows are expected to occur and affect profit or loss within the next 12 months.

Mongolia cash flow hedge

In anticipation of the purchase of Mongolia it was expected that the purchase consideration would be settled in US Dollar whereas the functional and presentation currency of the acquirer, being Barloworld PLC in the UK is in Great British pound. This exposed Barloworld to foreign exchange risk that was hedged using existing US Dollar denominated cash deposit (hedging instrument) designated as a cash flow hedge where the cash flow reserve is applied to the cost of the investment (hedged item) per the Group policy as a basis adjustment. Therefore, the consideration transferred was hedged for foreign currency risk from 17 March 2020 to 30 June 2020. The cash flow reserve up to 30 June 2020 was added to the purchase consideration being an amount of R65 million or US Dollar 3.9 million (loss). Refer to note 38 regarding further details on the Mongolia acquisition made during the year.

An economic relationship thus exists between the hedged item and hedged instrument. An effective hedge was achieved as the underlying risk in currency movements from the forecast transaction and the US Dollar denominated cash deposit are the same. Hedge effectiveness was considered by comparing the currency movements (USD/GBP) resulting from the US Dollar cash deposit and those from the forecast transaction which was to be settled in US Dollar.

34 FINANCIAL INSTRUMENTS continued

34.2 FINANCIAL RISK MANAGEMENT continued

ii) Interest rate risk

Interest rate risk arises when the absolute level of interest rates on the Group's interest-bearing borrowings are subject to fluctuations. The Group manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	2020 Rm	Restated 2019 Rm
Liabilities in foreign currencies					
Bank overdrafts and short-term loans	USD		Libor* + 3% & 3.6% - 3.8%	**589**	1318
	AOA		2 & 3 months BNA rate + 2.5%	**427**	
	ZMK		(11.5%) + 8.3%**	**10**	
	MZM		Prime (MT) - 3% & 5% p.a,	**86**	119
	BWP		Prime - 2.5%	**8**	42
Total short-term foreign currency liabilities (note 30)				**1 121**	1 480
	USD	2020	3	**202**	233
Total long-term foreign currency liabilities (note 24)				**202**	233
Liabilities in South African Rand					
Bank borrowings and bank overdrafts				**2 377**	2 268
Total South African Rand liabilities (note 30)				**2 377**	2 268
Secured loans		2021 to 2025 onwards	7	**12**	
Unsecured loans		2021 to 2025 onwards	8.3 - 9.56	**7 048**	6 180
Liabilities under capitalised finance leases		2021 to 2025 onwards	5.6 - 10	**231**	341
Total South African Rand liabilities (note 24)				**7 292**	6 521
Total South African Rand and foreign currency liabilities (note 24 and 30)				**10 991**	10 502

* *Libor – London inter-bank offered rate*

** *Mozambique short-term bank instrument*

34.2 FINANCIAL RISK MANAGEMENT continued

	2020 Rm	Restated 2019 Rm
Interest rates		
Loans at fixed rates of interest	**1 091**	1 477
Loans linked to floating rates of interest	**6 207**	5 044
Loans linked to offshore money markets	**196**	233
Long-term interest rate exposure (note 24)	**7 494**	6 754
Loans at fixed rates of interest	**472**	
Loans linked to floating rates of interest	**1 905**	2 268
Loans linked to offshore money markets	**1 121**	1 480
Short-term interest rate exposure (note 30)	**3 498**	3 748
Interest rate exposure (note 24 & 30)	**10 991**	10 502

	2020 Rm	2019 Rm
Interest rate sensitivity analysis		
Impact of a 1% increase in South African interest rates		
– charge to profit or loss	**97**	87
Impact of a 1% increase in offshore interest rates		
– charge to profit or loss	**13**	12

Barloworld's treasury follows a centralised cash management process, including cash management systems across bank accounts in South Africa to minimise risk and related interest costs. Barloworld's international cash management is managed by the treasury departments in the respective businesses.

iii) Other price risk

The Group is exposed to price risk arising out of the following:

Barloworld share price

The Group has a liability to option holders in terms of the long-term share-based payments (refer note 35).

Barloworld share price sensitivity analysis

Impact of a 10% increase in the Barloworld share price as at 30 September		
– charge to profit or loss in respect of the liability	**1**	4

There has been no change during the current year in the Group approach to managing other price risk.

34 FINANCIAL INSTRUMENTS continued

34.2 FINANCIAL RISK MANAGEMENT continued

c. Credit risk

Credit risk exposure

Each of the Group's operating segments has credit terms appropriate for their industry. Credit risk on vehicles supplied to external dealerships is generally secured by a dealer floorplan with a bank, who settle within the credit terms. The average credit period on these sales ranges from 30 to 90 days. When dealing with sales to external retail, construction or mining customers, full settlement or confirmation of financing from a respected financial institution is required before delivery. These measures minimise the credit risk. Credit risk exposures to customers for parts, services, maintenance and repair contracts, vehicle rental and fleet leasing and are managed by monthly review of trade receivables ageing. The risk is mitigated by stringent background checks and credit limits for all customers, continuous review of credit limits, as well as legal action against defaulting customers. The average credit period on these sales is 30 days, however, extended credit terms may be negotiated during the account application process. It is Group policy to deposit cash with major banks and financial institutions with strong credit ratings.

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk without taking into consideration any collateral provided.

No credit guarantee insurance is held against the carrying value of trade and other receivables within the Group, therefore expected credit losses are considered across all operating debtors.

The outbreak of COVID-19, as well as the related economic lockdowns has negatively impacted the cash flow generating ability of many entities which increased credit risk in parts and service sales which are considered riskier and appropriate and adequate expected credit losses were raised. Due to the short-term nature of the credit terms given, the expected credit loss allowance can be assessed upfront and on an ongoing basis with little change arising from changes in general economic circumstances

Forward-looking information utilised in the expected credit loss models:

- The geography and industry in which the customers operate, sales to entities based in other African countries outside of South Africa as well as sales related to part and services are considered riskier.
- Period overdue and time taken to settle underlying receivables, the older accounts are considered a higher risk.
- Past default experiences of the operating segments, examples include the financial services operations, which have a very low default experience.
- The Group's view of the economic conditions over the settlement period of the underlying receivables, which has worsened in the current financial year as a result of COVID-19.

The expected credit loss allowance has increased from 11.9% to 15.6% taking into consideration the worsening of the factors disclosed above. There has been no material change in the estimation techniques applied in determining the ECLs from the prior year. The gross receivables, disclosed below, are inclusive of VAT applicable to various jurisdictions and the allowance for credit losses excludes VAT.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for the different customer segments, the provision for loss allowance is further distinguished between the Group's different operation.

34.2 FINANCIAL RISK MANAGEMENT continued

	2020			2019		
	Gross carrying amount Rm	Lifetime ECL Rm	Average ECL/ Impairment ratio (%)	Gross carrying amount Rm	Lifetime ECL Rm	Average ECL /Impairment ratio (%)
Equipment	**3 995**	**(382)**	**9.6**	3 863	(304)	7.9
Fully performing	**2 406**	**(13)**	**1**	2 165	(27)	1
Up to 90 days past due	**907**	**(49)**	**5**	1 285	(96)	7
91 days to 180 days past due	**150**	**(138)**	**92**	166	(75)	45
181 days to 270 days past due	**299**	**(80)**	**27**	179	(57)	32
greater than 271 days past due	**235**	**(102)**	**43**	68	(51)	74
Automotive	**1 721**	**(595)**	**34.6**	1 876	(458)	24.4
Fully performing	**947**	**(11)**	**1**	978	(17)	2
Up to 90 days past due	**178**	**(25)**	**14**	348	(47)	14
91 days to 180 days past due	**44**	**(40)**	**90**	60	(31)	51
181 days to 270 days past due	**51**	**(38)**	**75**	52	(30)	59
greater than 271 days past due	**502**	**(480)**	**96**	439	(333)	76
Logistics	**866**	**(49)**	**5.6**	958	(34)	3.6
Fully performing	**651**	**(1)**		758	(3)	0
Up to 90 days past due	**109**	**(8)**	**7**	133	(2)	2
91 days to 180 days past due	**51**	**(5)**	**10**	37	(6)	14
181 days to 270 days past due	**28**	**(11)**	**38**	8	(5)	62
greater than 271 days past due	**27**	**(24)**	**90**	21	(18)	82
Corporate	**14**	**(1)**	**4.5**	(12)		0.0
Total Group	**6 596**	**(1 027)**	**15.6**	6 709	(798)	11.9

d. Liquidity risk

Liquidity risk arises when the Group cannot meet its contractual cash outflows as they fall due and payable. The Group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised bank facilities amounted to R15.7 billion (2019: R10.5 billion). There has been no change to this approach during the current year .

34 FINANCIAL INSTRUMENTS continued

34.2 FINANCIAL RISK MANAGEMENT continued

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Repayable during the year ending 30 September 2020			
	Total owing	**Within one year**	**Two to five years**	**Greater than five years**
Interest-bearing liabilities	**7 278**	**1 771**	**5 507**	
Trade payables and other non-interest bearing liabilities	**9 917**	**9 917**		
Lease liabilities	**7 034**	**748**	**2 564**	**3 722**
FECs	**243**	**243**		

	Repayable during the year ending 30 September 2019		
	Total owing	**2019**	**2020 to 2022**
Interest-bearing liabilities	**9 118**	2 625	6 493
Trade payables and other non-interest bearing liabilities	**8 792**	8 792	
FECs	**53**	53	

	Maturity profile of financial guarantees contracts for the year ending 30 September 2020		
	Total owing	**Within one year**	**Two to five years**
Risk share debtors	**275**	**12**	**263**
Financial guarantees on behalf of joint ventures and associates	**679**	**679**	

	Maturity profile of financial guarantees contracts for the year ending 30 September 2019		
	Total owing	**Within one year**	**Two to five years**
Risk share debtors	**459**	419	40
Financial guarantees on behalf of joint ventures and associates	**598**	598	

During 2018, the Barloworld Equipment division entered into a Risk Share Agreement with Caterpillar Financial Corporation Financeira, S.A., E.F.C. – Sucursal em Portugal and Barloworld Equipment UK Limited. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 30 September 2020, the maximum exposure of this guarantee was estimated to be R106 million (2019: R294.2 million) representing 25% of the capital balance outstanding.

34.2 FINANCIAL RISK MANAGEMENT continued

During 2018, the Barloworld Equipment division entered into Risk Share Agreement with Caterpillar Financial Services South Africa Proprietary Limited. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 30 September 2020, the gross maximum exposure of this guarantee was estimated to be R148 million (30 Sep 2019: R116.2 million) representing 25% of the capital balance outstanding.

During 2018, the Vostochnaya Technica Equipment division entered into a Risk Share Agreement with Caterpillar Financial LLC. The Risk Share Agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 30 September 2020, the maximum exposure of this guarantee was estimated to be R21 million (2019: R48 million) representing 40% – 60% of the capital balance outstanding.

Barloworld also provides certain guarantees on behalf of NMI, Maponya, Bartrac and BHBW of which non-performance by these associates and joint ventures will result in contractual cash flows to be made by Barloworld which has been included in abovementioned maturity analysis.

As these risk share agreements relate to a contractual payment in the event of default they are accounted for as financial instruments (financial guarantee contracts)

Liquidity risk maturity analysis disclosure	Total owing	Within one year
Forward exchange contract for acquisition of Tongaat Hulett starch (note 38.2)*	**4 986**	4 986

* The purchase consideration was settled on 31 October 2020 through cash obtained from a bridging finance loan payable in May 2021, a process of refinancing of this loan as a long-term loan will be undertaken by Absa through Barloworld Bonds and loans.

35 SHARE INCENTIVE SCHEMES AND SHARE-BASED PAYMENTS

35.1 FINANCIAL EFFECT OF SHARE-BASED PAYMENT TRANSACTIONS

	2020 Rm	2019 Rm
Income statement effect		
Compensation expense arising from equity and cash-settled forfeitable share plan	**38**	74
Compensation expense arising from equity and cash-settled share appreciation rights incentive plan	**6**	6
Share-based payment expense included in operating profit	**44**	80
Taxation benefit on forfeitable share plan and share appreciation rights	**(12)**	(22)
Net share-based payment expense after taxation	**32**	58
Financial position effect		
Liability raised for cash-settled shares (to be incurred within one to five years)	**(15)**	(42)
Deferred taxation asset raised on share-based payment transactions	**10**	15
Net reduction in shareholders' interest as a result of share-based payment transactions	**(5)**	(27)

35.2 FORFEITABLE SHARE PLAN

On 28 January 2010, the Group introduced the Barloworld Forfeitable share plan (FSP).

The scheme allows executive directors and certain senior employees to earn a long-term incentive to assist with the retention and reward of selected employees.

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three years or the employee will forfeit the shares.

Prior to the 2016 awards, shares issued to the executive directors were subject to performance conditions. From 30 March 2016, shares issued to the executive directors and certain senior employees are subject to performance conditions which will be measured over the three-year vesting period.

The performance conditions over the vesting period include a market condition based on total shareholder return and non-market conditions based on return on net operating assets and headline earnings per share.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of days worked over the total vesting period, subject to any performance condition being met.

The scheme is settled in shares and therefore the scheme is equity-settled. In jurisdictions where the delivery of shares is impractical, cash will be paid to employees *in lieu* of shares. These shares are cash-settled share-based payments.

35.2 FINANCIAL EFFECT OF SHARE-BASED PAYMENT TRANSACTIONS continued

Fair value estimates

Equity settled

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date. The estimated fair value of the equity-settled shares subject to market conditions were calculated at grant date using a Monte Carlo simulation model with the following inputs:

Date of grant:	9 March 2020	27 February 2019
Non-market conditions		
Number of shares granted	**1 268 300**	726 149
Share price at grant date (R)	**78.00**	131.12
Estimated fair value per share at grant date (R)	**78.00**	131.12
Market conditions		
Number of shares granted		135 261
Share price at grant date (R)		131.12
Expected volatility (%)		29.0 – 34.0
Expected dividend yield (%)		3.5
Risk free rate (%)		7.4
Estimated fair value per share at grant date (R)		96.32

Cash – settled

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The estimated fair value of the cash-settled shares was calculated by using the closing share price at the reporting date, risk-free rate at reporting date and discounting future expected dividends.

Date of grant:	9 March 2020	27 February 2019	30 January 2018*
Number of cash-settled shares granted	**179 500**	65 250	608 280
Share price at grant date (R)	**78.00**	131.12	171.30
Risk-free rate (%)	**7.8**	7.0	6.6
Estimated fair value per cash-settled share at grant date (R)	**74.51**	127.83	168.65
Estimated fair value per cash-settled share at year-end (R)	**58.51**	66.44	61.05-72.49

* In 2018, the Group issued cash-settled schemes as a result of the closed period that was in place at the time of the grants.

35. SHARE INCENTIVE SCHEMES AND SHARE-BASED PAYMENTS continued

35.3 SHARE APPRECIATION RIGHTS SCHEME

During 2007, the Group introduced the Barloworld Cash-Settled Share Appreciation Right Scheme.

The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights. During 2011, the scheme rules were amended to change all future awards to be equity-settled in shares.

The objective of the scheme is to recognise the contributions of senior staff to the Group's financial position and performance and to retain key employees.

The vesting of the rights are subject to specific performance conditions, based on Group headline earnings per share. Rights are granted for a period of six years and vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

The grant price of these appreciation rights equals the volume weighted average market price of the underlying shares on the three trading days immediately preceding grant date.

On resignation, share appreciation rights which have not yet vested and those vested but not exercised, are forfeited. On death or retirement the Barloworld remuneration committee may permit a portion of unvested rights to be exercised within one year (or such extended period as the committee may decide) of the date of cessation of employment.

It is Group policy that employees should not deal in Barloworld Limited shares (and this is extended to the forfeitable share plan, share appreciation rights and share options schemes) for the periods from 1 April for half year-end and 1 October for year-end until 24 hours after publication of the results and at any other time during which they have access to price sensitive information.

Equity-settled share appreciation rights: Fair value estimates
In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

	Equity-settled			
Date of grant	**27 February 2019**	**29 March 2017**	**30 March 2016**	**30 March 2015**
Number of share appreciation rights granted	541 920	150 300	330 240	3 026 700
Grant price (R)	130.02	121.53	72.77	90.77
Share price at grant date (R)	131.12	120.00	77.80	90.50
Expected volatility (%)	24.6	30.0	28.7	28.7
Expected dividend yield (%)	3.5	2.9	4.4	3.5
Risk-free rate (%)	8.2	7.9	8.6	7.4
Exercise multiple (share price at exercise date/option exercise price)	1.8	1.8	1.9	1.9
Estimated fair value per share appreciation right at grant date (R)	45.16	38.89	24.06	26.59

The volatility was based on historical volatility of the shares over a five-year period. It was assumed that, given the long time frame, historical volatility could be used to estimate expected or implied volatility.

35.3 SHARE APPRECIATION RIGHTS SCHEME continued

Cash-settled share appreciation rights: Fair value estimates

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

Date of grant	**Cash-settled** **30 January 2018**
Number of share appreciation rights granted	347 540
Grant price (R)	177.71
Share price at grant date (R)	171.30
Expected volatility (%)	34.3
Expected dividend yield (%)	4.2
Risk-free rate (%)	8.0
Exercise multiple (share price at exercise date/option exercise price)	1.8
Estimated fair value per share appreciation right at grant date (R)	50.41
Estimated fair value per cash-settled share at year-end (R)	1.52

35.4 CONDITIONAL SHARE PLAN

During the year, the Group introduced the Barloworld Conditional Share Plan Scheme with the discontinuation of the Share Appreciation Rights Scheme.

The scheme will only apply to Group executives including executive directors and prescribed officers and is designed to align the long-term incentive scheme with the Company's strategy.

The objective of the scheme is to recognise the contributions of senior staff to the Group's financial position and performance and to retain key employees.

The vesting of the shares are subject to specific performance conditions, based return on invested capital, free cash flow conversion and headline earnings per share. The vesting of shares is subject to continued employment for a period of three years and a two-year holding period.

On resignation the employee will forfeit any unvested shares, on death or retirement only a portion of the shares will vest based on the number of days worked over the total vesting period subject to the performance condition being met.

The scheme is settled in shares and therefore equity-settled.

It is Group policy that employees should not deal in Barloworld Limited shares (and this is extended to the forfeitable share plan, share appreciation rights and share options schemes and conditional share plan) for the periods from 1 April for half year-end and 1 October for year-end until 24 hours after publication of the results and at any other time during which they have access to price-sensitive information.

Fair value estimates

Equity-settled

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date.

Date of grant:	**9 March 2020**
Non-market conditions	
Number of shares granted	**394 600**
Share price at grant date (R)	**78.00**
Estimated fair value per share at grant date (R)	**78.00**

35. SHARE INCENTIVE SCHEMES AND SHARE-BASED PAYMENTS continued

35.5 TOTAL FORFEITABLE SHARES AND APPRECIATION RIGHTS UNEXERCISED

The following forfeitable shares and share appreciation rights granted are unexercised:

					Number of options/rights		
Date of grant	**Date from which exercisable**	**Expiry date**	**Contractual life remaining (years)**	**Original exercise price (R)**	**Barloworld directors**	**Barloworld employees#**	**Total unexercised****
30 Mar 2016	29 Mar 2019	29 Mar 2022	1.5	72.77	65 350	204 690	270 040
29 Mar 2017	29 Mar 2020	29 Mar 2023	2.5	121.53	85 920	29 950	115 870
27 Feb 2019	27 Feb 2022	27 Feb 2025	4.4	130.02	189 340	352 580	541 920
Total equity-settled share appreciation rights granted and unexercised					**340 610**	**587 220**	**927 830**
30 Jan 2018	30 Jan 2021	30 Jan 2024	3.3		137 540	154 730	292 270
Total cash-settled share appreciation rights granted and unexercised					**137 540**	**154 730**	**292 270**
27 Feb 2019	27 Feb 2022	27 Feb 2022	1.4		31 510	618 505	650 015
9 Mar 2020	8 Mar 2023	8 Mar 2023	2.4		54 820	951 704	1 006 524
Total equity-settled forfeitable shares granted and unexercised					**86 330**	**1 570 209**	**1 656 539**
30 Jan 2018	30 Jan 2021	30 Jan 2021	1.3		21 910	447 606	469 516
27 Feb 2019	27 Feb 2022	27 Feb 2022	1.4			44 410	44 410
9 Mar 2020	8 Mar 2023	8 Mar 2023	2.4			155 080	155 080
Total cash-settled forfeitable shares granted and unexercised					**21 910**	**647 096**	**669 006**
9 Mar 2020	8 Mar 2023	8 Mar 2023	2.4		142 110	236 571	378 681
Total equity-settled conditional shares granted and unexercised					**142 110**	**236 571**	**378 681**
Total unexercised					**728 500**	**3 195 826**	**3 924 326**

*** Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.*

 # The unexercised share options granted to retired directors and employees are included in this column.

The weighted average share price at the date of exercising share appreciation rights in current year was nil (2019: R120.26), as there were no exercise in the current period.

35.5 TOTAL FORFEITABLE SHARES AND APPRECIATION RIGHTS UNEXERCISED continued

Share options and appreciation rights movement for the year	Number of forfeitable shares	Number of appreciation rights	Number of conditional share plan	Weighted average exercise price (R)*
2020				
Unexercised at the beginning of the year	**2 049 694**	**1 220 100**		**112.30**
Forfeitable shares granted	**1 444 200**			
Forfeitable shares forfeited	**(472 093)**			
Forfeitable shares vested	**(696 255)**			
Conditional shares granted			**394 600**	
Conditional shares forfeited			**(15 919)**	
Forfeitable shares, conditional shares and appreciation rights unexercised at year-end	**2 325 546**	**1 220 100**	**378 681**	**112.30**
Appreciation rights equity exercisable at year-end		**231 974**		**97.51**
Held by:				
Directors, employees and ex-employees of Barloworld	**2 325 546**	**1 220 100**	**378 681**	**112.30**
2019				
Unexercised at the beginning of the year	2 300 147	1 466 348		73.24
Rights granted in terms of equity-settled share appreciation rights scheme		541 920		130.02
Forfeitable shares granted	926 660			
Forfeitable shares forfeited	(195 295)			
Forfeitable shares vested	(981 818)			
Appreciation rights equity forfeited		(69 454)		98.21
Appreciation rights cash forfeited		(55 270)		
Appreciation rights exercised		(663 444)		89.92
Forfeitable shares, options and appreciation rights unexercised at year-end	2 049 694	1 220 100		112.30
Appreciation rights exercisable at year-end		79 980		72.77
Held by:				
Directors, employees and ex-employees of Barloworld	2 049 694	1 220 100		112.30

* *Weighted average exercise price for appreciation rights.*

	2 – 5 years	<1 year	Rm 2020	Rm 2019
Estimated amount to be paid over to tax authorities on behalf of employees	**56**		**56**	**77**

The estimated withholding tax obligation associated with equity-settled scheme to be paid over to the tax authorities on behalf of the employees in future years is based on a number of grants that are expected to vest at maturity and the share price as at 30 September 2020 at the applicable tax rate.

Barloworld considers IFRS 2.33 E-F Share-based payment transactions with a net settlement feature for withholding tax obligations when considering cash vs equity classification.

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS

36.1 RE-PRESENTATION AND RESTATEMENTS

1. Avis fleet re-presented to continuing operations

As at 30 September 2019, Avis Fleet was disclosed as held for sale and a discontinued operation on the basis of management's firm intention to dilute Barloworld's interest in Avis Fleet to a 50% shareholding. Management have subsequently reconsidered this decision and concluded that this initiative will be placed on hold. This position will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix. Going forward Avis Fleet will be re-presented as part of continuing operations. The impact of the decision has resulted in the income statement and balance sheet being restated to include Avis Fleet as part of continuing operations per below:

2. Inventories and floor plan payables restatement

Management omitted to raise inventory in transit, and the related floor plan facility, resulting in an understatement for the 2020 interim period, the 2019 financial year and 2018 financial year. The purchase agreement states that control of the inventory passes on delivery to the carrier or the dealer, whichever occurs first, whereas previously the inventory, and related floor plan liability, was recorded only on receipt by the dealer on the basis that this was how the agreement was understood.

The agreement has been in place since 2015, but as required by IFRS only those financial periods affected in the current set of financial statements are restated. Accordingly, the 2019 balance sheet has restated to take into account the impact, as has the interim Balance Sheet for March 2020. The 30 September 2018 balance sheet could not be restated as sufficient records were not available internally to do so. Furthermore, the third party carrier and the financier do not retain the information required for a period longer than 24 months, making it impractical to determine the inventory balance, nor the floor plan liability which should have been recorded at 30 September 2018.

These errors had no impact on profit or loss (on the basis that interest on the floor plan liability was recorded previously) nor any tax effect.

3. Classification of trade and other payables and non-current liabilities to contract liabilities restatement

Management has reviewed the current presentation of the Deferred Income Maintenance Contracts in context to IFRS 15 adoption. The 2019 full year and 2020 March presentation was incorrect. This means there was an error in the presentation of these values for the 2019 and 2020 reporting. The correct treatment is to present the Deferred Income Maintenance Contracts as Contract Liability, split between non-current and current.

The "insurance contract" note from the prior period has also been removed as all of these maintenance contracts are accounted for under IFRS 15 and have been accounted for as such since IFRS 15 was adopted by the entity. This note should this have been removed in 2019, it, however, does not impact any balances and is purely disclosure that should have been removed.

36.1 RE-PRESENTATION AND RESTATEMENTS continued

CONSOLIDATED INCOME STATEMENT

	Previously stated 2019 Rm	1. Avis fleet re-presented to continuing operations 2019 Rm	Restated 2019 Rm
Revenue	**56 834**	**3 372**	**60 206**
Operating profit before items listed below	**5 078**	**1 469**	**6 547**
Impairment losses on financial assets and contract assets	(57)	(18)	(75)
Depreciation	(1 561)	(826)	(2 387)
Amortisation of intangible assets	(115)		(115)
Operating profit before B-BBEE transaction charge	**3 345**	**625**	**3 970**
B-BBEE transaction charge	(73)		(73)
Operating profit	**3 272**	**625**	**3 897**
Fair value adjustments on financial instruments	32	(10)	22
Finance costs	(1 085)	(49)	(1 134)
Income from investments	192	11	203
Profit before non-operating and capital items	**2 411**	**577**	**2 988**
Non-operating and capital items comprising of:			
Impairment of investments	(25)		(25)
Impairment of property, plant and equipment, intangibles and other assets	(115)	(12)	(127)
Fair value gain on deconsolidation of subsidiary	212		212
Other non-operating and capital items	15		15
Profit before taxation	**2 498**	**565**	**3 063**
Taxation	(771)	(79)	(850)
Profit after taxation	**1 727**	**486**	**2 213**
Income from associates and joint ventures	231		231
Profit for the year from continuing operations	**1 958**	**486**	**2 444**
DISCONTINUED OPERATIONS			
Profit from discontinued operations	519	(486)	33
Profit for the year	**2 477**		**2 477**

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS continued

36.1 RE-PRESENTATION AND RESTATEMENTS continued

	Previously stated 2019 Rm	1. Avis fleet re-presented to continuing operations 2019 Rm	Restated 2019 Rm
Attributable to:			
Owners of Barloworld Limited	2 428		2 428
Non-controlling interests in subsidiaries	49		49
	2 477		2 477
Earnings per share from Group (cents)			
– basic	1 150.2		1 150.2
– diluted	1 146.9		1 146.9
Earnings per share from continuing operations (cents)			
– basic	907.2	227.4	1 134.6
– diluted	904.6	226.7	1 131.3
Earnings per share from discontinued operation (cents)			
– basic	243.0	(227.4)	15.6
– diluted	242.3	(226.7)	15.6
Weighted average number of ordinary shares in issue during the period (000)			
– basic	211 085		211 085
– diluted	211 698		211 698

36.1 RE-PRESENTATION AND RESTATEMENTS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September

	Previously stated 2019 Rm	1. Avis fleet reclassified to continuing operations 2019 Rm	2. Inventories and floor plan payables 2019 Rm	3. Classification of trade and other payables and non-current liabilities to contract liabilities 2019 Rm	Restated 2019 Rm
ASSETS					
Non-current assets	14 540	4 666			**19 206**
Property, plant and equipment	7 879	4 183			**12 062**
Goodwill	1 408	292			**1 700**
Intangible assets	1 527	31			**1 558**
Investment in associates and joint ventures	2 253				**2 253**
Finance lease receivables	2	155			**157**
Long-term financial assets	710				**710**
Deferred taxation assets	761	5			**766**
Current assets	26 871	787	197		**27 855**
Vehicle rental fleet	3 137				**3 137**
Inventories	8 072	59	197		**8 328**
Trade and other receivables	7 384	668			**8 052**
Contract assets	981				**981**
Taxation	71	12			**83**
Cash and cash equivalents	7 226	48			**7 274**
Assets classified as held for sale	5 780	(5 453)			**327**
Total assets	47 191		197		**47 388**

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS continued

36.1 RE-PRESENTATION AND RESTATEMENTS continued

	Previously stated	1. Avis fleet reclassified to continuing operations	2. Inventories and floor plan payables	3. Classification of trade and other payables and non-current liabilities to contract liabilities	Restated
	2019	2019	2019	2019	2019
	Rm	Rm	Rm	Rm	Rm
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium	441				**441**
Other reserves	4 523				**4 523**
Retained income	18 659				**18 659**
Interest of shareholders of Barloworld Limited	23 623				**23 623**
Non-controlling interest	272				**272**
Interest of all shareholders	23 895				**23 895**
Non-current liabilities	7 336	594			**7 930**
Interest-bearing	4 621				**4 621**
Deferred taxation liabilities	356	216			**572**
Provisions and other accruals	102	21			**123**
Contract liabilities		16		351	**367**
Other non-current liabilities	2 257	341		(351)	2 247
Current liabilities	**13 738**	**1 550**	**197**		**15 485**
Trade and other payables	9 363	878	197	(259)	10 179
Contract liabilities	601	10		259	870
Provisions and other accruals	507	94			**601**
Taxation	80	7			**87**
Amounts due to bankers and short-term loans	3 187	561			**3 748**
Liabilities directly associated with assets classified as held for sale	2 222	(2 144)			**78**
Total equity and liabilities	47 191		197		**47 388**

36.1 RE-PRESENTATION AND RESTATEMENTS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March

	Previously stated 2020 Rm	2. Inventories and floor plan payables 2020 Rm	Restated 2020 Rm
ASSETS			
Non-current assets	**14 996**		**14 996**
Property, plant and equipment	**8 415**		**8 415**
Goodwill	**1 769**		**1 769**
Intangible assets	**770**		**770**
Investment in associates and joint ventures	**863**		**863**
Finance lease receivables	**1 876**		**1 876**
Long-term financial assets	**11**		**11**
Contract asset	**398**		**398**
Deferred taxation assets	**894**		**894**
Current assets	**26 525**	**220**	**26 745**
Vehicle rental fleet	**3 306**		**3 306**
Inventories	**8 925**	**220**	**9 145**
Trade and other receivables	**8 736**		**8 736**
Contract assets	**949**		**949**
Taxation	**31**		**31**
Cash and cash equivalents	**4 578**		**4 578**
Assets classified as held for sale	**5 606**		**5 606**
Total assets	**47 127**	**220**	**47 347**

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS continued

36.1 RE-PRESENTATION AND RESTATEMENTS: continued

	Previously stated	2. Inventories and floor plan payables	Restated
	2020	2020	2020
	Rm	Rm	Rm
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	(1 121)		(1 121)
Other reserves	6 268		6 268
Retained income	15 915		15 915
Interest of shareholders of Barloworld Limited	21 062		21 062
Non-controlling interest	253		253
Interest of all shareholders	21 315		21 315
Non-current liabilities	9 300		9 300
Interest-bearing	5 018		5 018
Deferred taxation liabilities	516		516
Lease liabilities	2 073		2 073
Provisions	103		103
Other non-current liabilities	1 590		1 590
Current liabilities	14 214		14 214
Trade and other payables	8 333	220	8 553
Lease liabilities	272	220	492
Contract liabilities	894		894
Provisions	426		426
Taxation	71		71
Amounts due to bankers and short-term loans	4 218		4 218
Liabilities directly associated with assets classified as held for sale	2 298		2 298
Total equity and liabilities	47 127	220	47 347

36.2 THE FOLLOWING RESTATEMENTS AROSE AS A RESULT ERRORS OCCURRING WHEN REPORTING AND PRESENTING THE YEAR END FINANCIAL RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1. Presentation of cash flows

The error occurred when applying IAS 7 Statement of Cash Flows (IAS 7). IAS 7 requires cash flows for major classes of gross cash receipts and gross cash payments to be reported separately. The cash flow line item 'Acquisition of subsidiaries, investments and intangibles' as at 30 September 2019 erroneously included cash inflows and outflows as a single net balance (3a). Further, it was identified that the line item 'Investment in leasing receivables' was erroneously classified as an investing activity when the nature of these cash flows is better reflected as an operating cash flow (3b). These errors have been corrected for all periods presented in the 30 September 2019 year ended financial statements as follows:

	30 September 2019		
R' million	**As previously presented**	**Restatements**	**Restated**
Cash flows from operating activities			
Cash generated from operations before investment in rental fleets and leasing receivables	7 239		7 239
Inflow of investment in leasing receivables		161	161
Cash generated from operations	7 239	161	7 400
Net cash used in investing activities			
Acquisition of subsidiaries, investments and intangibles (3a)	(54)	(114)	(168)
Investments realised (3a)		114	114
Inflow of investment in leasing receivables (3b)	161	(161)	
Net cash used in investing activities	**(486)**	**(161)**	**(647)**

The following restatement arose as a result of errors occurring when reporting and presenting the consolidated annual financial statements for the period ended 30 September 2019

2. Classification of the expected credit loss (ECL)

This error occurred when applying IAS 1 *Presentation of Financial Statements* for the presentation of ECL in the consolidated income statement for the period ended 30 September 2019. IAS 1 requires in paragraph 82(ba) that impairment losses (including reversals of impairment losses or impairment gain) determined in accordance with IFRS 9 section 5.5 are separately presented. However, there were reversals of impairment losses on financial assets and contract assets incorrectly presented in earnings before interest tax depreciation and amortisation (EBITDA) instead of reducing the impairment losses of financial assets and contract assets. This error has been corrected by restating the consolidated income statement as follows:

Line items R 'million	**Presented as at 30 September 2019**	**Reclassifications**	**Reclassified as at 30 September 2019**
Income statement – continued operations			
Impairment of financial assets and contract assets	(124)	67	(57)
Operating profit before items listed below	5 145	(67)	5 078
Income statement – discontinued operations			
Impairment of financial assets and contract assets	(49)	31	(18)
Operating profit before items listed below	1 500	(31)	1 469
Due to Avis fleet not being presented as a discontinued operation the restated impact noted above is as follows:			
Income statement – continued operations			
Impairment of financial assets and contract assets	(173)	98	(75)
Operating profit before items listed below	6 645	(98)	6 547

37. CHANGES IN ACCOUNTING POLICIES

37.1 ADOPTION OF NEW STANDARDS EFFECTIVE

IFRS 16 Leases

The Group adopted IFRS 16 on 1 October 2019 and elected to apply the modified retrospective approach with the net impact of the first time adoption of IFRS 16 recognised in retained earnings. The Group applied the exception for short-term leases (lease term of less than 12 months) and leases of low value (R85 000) assets.

The adoption of the new standard had the most impact on the Groups' property operating leases that were capitalised on 1 October 2019 for the first time. The adoption of IFRS 16 resulted in a right-of-use asset of R1.7 billion and a corresponding liability of R2.3 billion with the difference of R281 million adjusted against retained earnings opening balance (see statement of changes in equity), R213 million against lease smoothing liability and R78 million against deferred tax.

There were a limited number of immaterial onerous lease contracts that requiring adjustment to the right-of-use asset at the date of initial application.

The lessor accounting has remained primarily the same and therefore there was no financial impact on the Group.

The following practical expedients were applied by the Group on adoption of IFRS 16 as follows:

1. No application of IFRS 16 to leases that were previously assessed not to contain a lease.
2. The accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term was not amended.
3. The use of hindsight in determining the lease term where the contract contains options to extend or terminate was not applied.
4. Lease components were separated from non-lease components and account for each separately.

Judgements and estimates applied in implementing IFRS 16

Lease term

The lease term is the non-cancellable period of the lease plus any optional renewal period less any optional early terminations where it is reasonably certain that the options will be exercised. The lease term was determined considering these options, where applicable, and involves judgement to determine whether the options will be exercised on a lease-by-lease basis. The following factors were considered in determining whether it is reasonably certain the options will be exercised, thus whether there is an economic incentive to exercise:

1. The strategic objectives of the business and annual business plans that observes a five-year cycle.
2. Whether the terms and conditions of the current lease are more favourable than the current market conditions.
3. The proximity of the leased premises to core customers and other business hubs.
4. Specifics for the premises/assets leased and any leasehold improvements, such as workshops or office building, undertaken by the Group optimised to business needs.
5. Costs relating to the termination of the lease.
6. The availability of similar/alternative assets in the market suitable to the business needs.
7. All relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

37.1 ADOPTION OF NEW STANDARDS EFFECTIVE continued

Incremental borrowing rate (IBR)

The Group engaged an external service provider to determine the IBRs which were distributed to and used by all divisions except for Barloworld Transport for leases of trucks and trailers as the IBRs could be determined from the contracts. The following judgements and estimates were applied in determining IBRs for Barloworld Transport:

1. The purchase price of the assets is known from the invoice/contract.
2. The lessors specify the residual value of the assets at the end of the lease period.
3. The leases are secured by the asset and there are separate contracts for each truck and trailer.
4. The present value, number of payments and actual payments are specified in the contracts.
5. The contracts have no option for extensions and no escalations.

The recognised right-of-use assets relate to the following categories of property plant and equipment:

	30-Sep-20	1-Oct-19
Land and buildings	**1 324**	1 295
Equipment, IT and plant	**7**	11
Vehicles	**280**	424
Total right-of-use assets	**1 611**	**1 730**

The impact of first time adoption of IFRS 16 for the 12 month ended 30 September is as follows:

	Right-of-use asset	Right-of-use liabilities	Deferred tax	Retained earnings	Lease smoothing liability
Capitalisation of operating leases on 1 October 2019	1 730	2 302	78	281	213
Additions	286				
Impairment losses	(37)				
Lease liabilities raised		295			
Lease liabilities repaid		(342)			
Depreciation	(402)				
Lease modifications		(10)			
Reclassifications and lease retirements	8	67			
Foreign currency exchange movements	26	16			
Balance as at 30 September 2020	1 611	2 328			
Current		351			
Non-current		1 978			

37. CHANGES IN ACCOUNTING POLICIES continued

37.1 ADOPTION OF NEW STANDARDS EFFECTIVE continued

Reconciliation of operating lease commitments disclosed as at 30 September 2019 to the right-of-use liabilities recognised as at 1 October 2019:

	Total	Held for sale	1-Oct-19
Operating lease commitments on 30 September 2019	3 273	43	3 230
Impact of discounting lease payments*	(1 082)	(21)	(1 061)
Renewals/new leases not included in lease commitments	882	12	870
Short-term leases included in lease commitments	(779)	(1)	(778)
Forex impact	8		8
Right-of-use liability at 1 October 2019	**2 302**	**33**	**2 269**
Current	285	5	280
Non-current	2 017	28	1 989

* The weighted average incremental borrowing rate used to measure the right-of-use liabilities on 1 October 2019 was 14.89%.

New standards and amendments to existing standards issued but not yet effective as 30 September 2020 are not expected to have a material impact on the Group's financial statements when they become effective.

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts. The impact of this new standard is yet to be fully understood.

37.1 ADOPTION OF NEW STANDARDS EFFECTIVE continued

The following new and amended standards are expected to have no or minimal impact on presentation, recognition and measurement in future years:

	Effective date*
Definition of a Business – Amendments to IFRS 3	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020
The Conceptual Framework for Financial Reporting	1 January 2020
COVID-19-Related Rent Concessions – Amendment to IFRS 16	1 June 2020
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Effective date postponed

* Effective for annual periods beginning on or after this date

38 ACQUISITIONS

38.1 Effective 1 September 2020, Barloworld Mongolia Limited, an indirect wholly-owned subsidiary of Barloworld Limited, was awarded the Caterpillar distribution rights for Mongolia and acquired 100% of Wagner Asia Equipment LLC and a 49% share in SGMS LLC.

Our Caterpillar business in Mongolia is engaged in the business of selling and distributing construction and mining equipment, aftermarket and technology solutions as well as rental solutions under the Caterpillar brand. This will enhance the expansion of the Barloworld Group in the mineral rich Eurasia region.

The goodwill, intangible and tangible asset values represented are provisional, as this acquisition was completed close to the Group's reporting date.

	1 September 2020	
	Rm	**$m**
Initial provisional settlement	**2 822**	**168.1**
Premium of US$45 million	**755**	**45.0**
Estimated fair value of net assets (NAV)	**428**	**25.5**
Trade payables owed to Sellers	**1 136**	**67.8**
Escrow account – covering balance of trade payables owed to sellers	**502**	**29.8**
Contingent deferred consideration	**151**	**9.0**
Fair value of true-up payment amount*	**67**	**4.0**
Fair value of the earn-out payment^	**84**	**5.0**
Cash flow hedge reserve#	**65**	**3.9**
	3 039	**181.0**

The transaction is subject to the acquisition of 49% of ordinary shares in SGMS LLC as well as 80% of preference share in SGMS, which together effectively gives Barloworld 90% economic interest in and control of SGMS because the preference share in SGMS have the same rights as the ordinary shares, resulting in a non-controlling interest (NCI) to the extent of 10%. The purchase of SGMS is negligible/immaterial to the whole transaction and therefore they are not split for business combination accounting purposes. NCI is measured by applying the percentage holding of the NCI to the net asset value acquired.

* The consideration transferred (the "Price" per sales purchase agreement) is made up of upfront payment of R2.8 billion ($168.1 million) as set out above, which per the sales purchase agreement (SPA), was paid on 1 September 2020, the effective date of the transaction. This settlement was paid from excess cash resources. A contingent consideration of R151.1 million ($9 million) was raised, arising from an earn-out per clause 2.1 in a third SPA amendment as well as further provisional true-up adjustments to the initial net asset value.

^ The earn-out per schedule 21 clause 11(c) is considered to be an upward adjustment of the amount of the price for all purposes under the SPA, therefore, a liability is created and included in the consideration transferred as a contingent deferred consideration. The contingent deferred consideration was measured at fair value on 1 September 2020 and is subsequently remeasured based on revenue targets from 1 October 2020 to 30 September 2024 with changes to be recognised in profit or loss and included in headline earnings.

The minimum and maximum amount payable for the settlement of the contingent deferred earn-out consideration are US$nil and US$30 million respectively.

\# The purchase consideration is settled in USD whereas the functional and presentation currency of the acquirer is Pound Sterling (GBP). This exposed the acquirer to foreign exchange risk that was hedged using existing USD denominated cash deposit (hedging instrument) designated from 17 March 2020 to 30 June 2020 as a cash flow hedge where the cash flow reserve is applied to the cost of the investment (hedged item) per the Group policy as a basis adjustment. The hedge was fully effective as the same amount of USD was used to hedge the same amount of the purchase consideration. Therefore, the cash flow reserve of R65 million up to 30 June 2020 was added to the purchase consideration.

Acquisition-related costs to the value of R44 million (£2.2 million) were incurred, excluded from consideration transferred and recognised as an expense in profit or loss.

There is no specific provision in the tax law regarding the deductibility of goodwill.

Identifiable assets and liabilities acquired on 1 September 2020

	Rm
Non-current assets	**1 324**
Property plant and equipment	543
Supplier relationship^	773
Intangible assets	8
Current assets	**1 857**
Trade and other receivables**	377
Inventory	1 318
Cash and cash equivalents	162
Total assets	**3 181**
Non-current liabilities	**204**
Provisions	11
Deferred tax	193
Current liabilities	**259**
Trade and other payables	259
Total liabilities	**463**
Net asset	**2 718**
Property, plant and equipment is made up as follows:	
Land and buildings	249
Plant and equipment	95
Rental assets	174
Vehicles and aircraft	25
	543

Supplier relationships^

Intangible asset comprise of the Supplier relationship with Caterpillar representing the distribution rights for Mongolia. This will be amortised over the remaining useful life of 20 years. This is the only intangible asset which meets the IFRS recognition criteria.

Trade and other receivables**

The receivables acquired (which primarily comprised trade receivables) in this transaction with a fair value of R377 million had a gross contractual amounts of R673 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected are R296 million.

	Rm
Excess of consideration transferred over net asset acquired	
Consideration transferred	3 038
Non-controlling interest	8
Less: Value of identifiable assets and liabilities	(2 718)
Goodwill	**328**
Net cash flows on acquisition of Wagner	
Consideration paid in cash	2 822
Less: cash and cash equivalents acquired	(162)
	2 660

Goodwill represents synergies whereby Barloworld expects to leverage core competencies within its existing businesses in Russia which will create additional value.

The goodwill will be accounted for in terms of the Group policy where it will be tested for impairment annually with impairment losses recognised in profit or loss but excluded from headline earnings.

38. ACQUISITIONS continued

	Rm
Impact of acquisition on the results of the Group post acquisition, 1 September 2020	
Revenue	190
Operating profit	4
Impact of acquisition on the results of the Group since 1 October 2019	
Revenue	2 088
Operating profit	150

38.2 Barloworld Limited ("Barloworld") entered into a Sale and Purchase Agreement ("SPA") with Tongaat Hulett Limited ("THS") on 28 February 2020 to acquire 100% ownership interest in Tongaat Hulett Starch Proprietary Limited ("Ingrain"). The transaction was completed on 31 October 2020, being the transaction effective date. This purchase is done through Barloworld's wholly owned subsidiary, KLL Group (Proprietary) Limited, which will hold the shares in Ingrain.

Ingrain is Africa's largest producer of Starch, Glucose and related products, and produces a wide range of high quality products for customers across Africa and around the World using maize as raw material.

Barloworld acquired Ingrain, being a different business to its existing business portfolio, to balance out the seasonality of its existing business to deliver a consistent return to shareholder.

	30 September 2020 Rm
Consideration transferred[1]	
Initial price	4 536
Cash price	4 536
Contingent consideration[2]	450
	4 986

[1] The consideration transferred (the "Purchase Consideration" per SPA) is made up of the initial amount of R4.536 billion, payable at the effective date in cash, and the adjustment payment payable when the closing stock take has been completed after the closing date. The adjustment payment is a contingent consideration in nature as it adjusts the purchase consideration up or down and is dealt with below.

Acquisition-related costs to the value of R53 million were incurred, excluded from consideration transferred and recognised as an expense in profit or loss.

[2] The contingent consideration of R450 million arises from the adjustment payment which will adjust the purchase consideration when finalised based on stock valuations. This has been added as one of the pre-closing activities, being a closing stock take as well as valuation thereof, and is not completed at closing date. This may result in either party having to pay another the difference between the initial amount paid on the closing/effective date of the transaction and the confirmed purchase consideration due to finalised stock take. It is expected that the stock take should be completed just after the closing date, within 15 business days after the closing date. The R450 million was arrived at using an estimate of the September 2020 working capital carrying values.

The contingent consideration was measured at fair value on 31 October 2020 based on the current stock values and will be subsequently remeasured at fair value based on the finalised stock values. Due to the short turnaround of the valuation since the closing date to finalisation of the stock count and valuation, the fair value of the contingent consideration approximate the amount of the purchase consideration agreed if the value of the stock is confirmed if their current recorded values. This is a measurement period adjustment, the business combination accounting is incomplete, and the amounts reported on 31 October 2020 being provisional.

When the stock values are finalised, the business accounting combination accounting on 31 October 2020 will be adjusted retrospectively to reflect the new information obtained about the facts and circumstances that existed as of 31 October 2020. The adjustments to the purchase consideration as a result of changes in the value of the contingent consideration, will be accounted for against goodwill. The range of possible outcomes is not expected to be materially different from the R450 million.

There is no minimum and maximum for the adjustment payment amount.

38. ACQUISITIONS continued

Assets acquired and liabilities assumed on 30 September 2020

	30 September 2020 Rm
Non-current assets	**2 205**
Carrying amount of property plant and equipment[3]	709
Fair value of land and buildings[4]	366
Fair value carrying amounts of right-of-use assets	21
Carrying amount of other intangible assets	38
Fair value of intangible assets[5]	1 071
Current assets	**1 616**
Carrying amount of trade and other receivables[6]	709
Derivative financial instruments	15
Carrying amount of inventory	878
Current tax	14
Total assets	**3 821**
Non-current liabilities	**191**
Carrying amount of provisions	8
Carrying amount of right-of-use liability	17
Deferred tax	166
Current liabilities	**1 180**
Carrying amount of trade and other payables	455
Carrying amount of right-of-use liability	6
Carrying amount of borrowings	715
Current tax	4
Total liabilities	**1 371**
Net asset	**2 450**

38. ACQUISITIONS continued

	30 September 2020 Rm
[3] **Property, plant and equipment is made up as follows:**	
Transport and vehicles	1
Plant and machinery	632
Office equipment	1
Other fixed assets	36
Capital work in progress	39
	709
[4] **Land and buildings comprises the following properties hosting the Mills:**	
Bellville Mill	88
Germiston Mill	72
Kliprivier Mill	64
Meyerton Mill	142
	366
[5] **Intangible assets**	
Intangible asset comprises customer relationships may arise from non-contractual customer relationships, which represent loyal customers that will continue their relationship after the acquisition by a market participant. This is the only intangible asset, which meets the IFRS recognition criteria.	
[6] The receivables acquired (which primarily comprised trade receivables) in this transaction with a carrying value of R709 million had a gross contractual amounts of R713 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected are R4 million. The fair value of the receivables is still to be determined and finalised during the measurement period.	
Excess of consideration transferred over net asset acquired	
Consideration transferred	4 986
Less: Fair value of identifiable assets and liabilities	(2 450)
Goodwill[7]	2 536
Net cash flows on acquisition	4 986
Consideration paid in cash	4 986

[7] Goodwill represents synergies/improvements whereby Barloworld expects that through product development and specialisation (into modified starches) it will be able to create immediate margin uplift and optimise the product mix, whilst the ability to leverage Barloworld's core competencies in distribution within its existing businesses will create additional value. Goodwill will be accounted for in terms of the Group policy where it will be tested for impairment annually with impairment losses recognised in profit or loss but excluded from headline earnings. Goodwill is not tax deductible.

It should be noted that the values used for the business combination accounting above are as at 30 September 2020 because the purchase price allocation is not yet completed as at 31 October 2020 as some assets and liabilities still need to be fair valued.
This has not been completed because the acquisition date is very close to the date the Group financial statements are issued. When the business combination accounting is completed, which should be done by 30 October 2021 per IFRS 3 measurement period, the values allocated to assets and liabilities would be updated with any resulting adjustments accounted for against goodwill.

39 DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration

The Group remuneration philosophy and basis for determining performance bonuses is set out in the remuneration report. Other benefits determined below include share purchase trust loans, expatriate benefits, retention payments, redundancy and termination payments and any other non-pensionable allowances or fringe benefits.

The directors' and prescribed officers' remuneration for the year ended 30 September 2020 was as follows:

2020	Salary R000	Retirement and medical contributions R000	Car benefit R000	Other benefits R000	Total 2020 R000
Executive directors					
DM Sewela	7 353	820	289		8 462
N Lila	3 011	354	425	12	3 802
Total executive directors	10 364	1 174	714	12	12 264
Prescribed officers					
E Leeka	3 897	457	484		4 838
K Mmutlana	3 986	535	192	21	4 734
Total prescribed officers	7 883	992	676	21	9 572
Grand total	18 247	2 166	1 390	33	21 836

39 DIRECTORS' REMUNERATION AND INTERESTS continued

	Total fees 2020 R000
Non-executive directors	
Residents	
NP Dongwana	1 600
HH Hickey	751
NP Mnxasana	829
SS Ntsaluba	1 055
DB Ntsebeza	862
NV Mokhesi	695
Non-residents	
FNO Edozien	1 468
MD Lynch-Bell	1 795
P Schmid	1 471
H Molotsi	1 472
Total non-executive directors	11 998
Total directors' and prescribed officers remuneration	33 834

2019	Salary R000	Retirement and medical contributions R000	Car benefit R000	Other benefits R000	Special payments R000	Bonus R000	Total 2019 R000
Executive directors							
Residents							
DG Wilson (resigned14 February 2019)	1 856	493	108	1			2 458
DM Sewela	9 049	1 381	301	3		5 863	16 597
N Lila*	718	104	77	6	1 448		2 353
F Ighodaro	1 617	240	163	305	3 037		5 362
Total executive directors	13 240	2 218	649	315	4 485	5 863	26 770
Prescribed officers							
E Leeka*	4 477	707	497	3	1 366	2 451	9 501
PK Rankin*	3 023	569	113	7	400		4 112
K Mmutlana (appointed 1 June 2019)	1 405	245	57	3		1 552	3 262
DG Wilson (appointed 15 February 2019)	3 093	722	56	181		2 610	6 664
Total prescribed officers	11 998	2 243	723	194	1 768	6 613	23 538
Grand total	25 238	4 430	1 295	616	6 254	12 476	50 308

* Special payments relate to awards made per the company's Replacement and Retention Scheme and Policy

	Total fees 2019 R000
Non-executive directors	
Residents	
NP Dongwana	**1 134**
HH Hickey	**861**
SS Mkhabela	**290**
NP Mnxasana	**848**
SS Ntsaluba	**1 197**
DB Ntsebeza	**2 682**
NV Mokhesi	**518**
IO Shongwe	**299**
Non-residents	
FNO Edozien	**1 344**
MD Lynch-Bell	**1 466**
P Schmid	**1 331**
H Molotsi	**901**
Total non-executive directors	**12 871**
Total directors' and prescribed officers remuneration	**63 179**

Interest of directors and prescribed officers of the company in share capital

The aggregate beneficial holdings as at 30 September 2020 of the directors and prescribed officers of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

39 DIRECTORS' REMUNERATION AND INTERESTS continued

	Khula Sizwe			Barloworld		
Number of shares at 30 September	2020 Management Trust	2020 Public Scheme – Direct	2020 Public Scheme – Indirect	2020 CSP	2020 Forfeitable	2020 Direct
Executive directors						
DM Sewela	3 214 915			104 420	93 700	18 442
NV Lila	696 076			37 690	14 540	
DG Wilson						
Total executive directors	3 910 991			142 110	108 240	18 442
Non-executive directors						
NP Dongwana		10 000				
N Mokhesi		1 500				
S Ntsaluba		10 000				5 155
DB Ntsebeza		40 000				48 864
P Schmidt						28 000
IO Shongwe						
S Mkhabela						
Total non-executive directors		61 500				82 019
Prescribed officers						
E Leeka	1 131 304			41 320	37 260	51 785
K Mmutlana	1 080 078			37 690	27 520	24 558
Total prescribed officers	2 211 382			79 010	64 780	76 343
Grand total	6 122 373	61 500		221 120	173 020	176 804

Barloworld

	2020 Indirect	2020 Total	2019 Forfeitable	2019 Direct	2019 Indirect
	171 519	**388 081**	112 860	18 442	77 638
		52 230			
				124 197	
	171 519	**440 311**	112 860	142 639	77 638
	2 280	**7 435**		5 155	
		48 864		48 864	
		28 000			
				89 277	3 184
				37 430	
	2 280	**84 299**		180 726	3 184
		130 365	42 050	41 302	
		89 768	45 780	7 326	
		220 133	87 830	48 628	
	173 799	**744 743**	200 690	371 993	80 822

39 DIRECTORS' REMUNERATION AND INTERESTS continued

Interest of directors and prescribed officers of the company in share options, share appreciation rights and forfeitable shares

The interests of the executive directors and prescribed officers in shares of the company provided in the form of options, share appreciation rights and forfeitable shares are shown in the table below:

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (options and SAR)/vested (FSP) /lapsed in current year	Closing number	Exercise price	Price on exercise date (options and SAR) / vesting price (FSP)	Exercise or exercisable (options and SAR)/vesting date (FSP)
Executive directors							
DM Sewela							
Share appreciation rights							
2016	65 350			65 350	72.77		**29-Mar-19**
2017	85 920			85 920	121.53		**28-Mar-20**
2018	137 540			137 540	177.71		**29-Jan-21**
2019	189 340			189 340	130.02		**26-Feb-22**
FSP – no performance conditions							
2017	14 860		14 860		n/a	71.5	**28-Mar-20**
2018	5 480			5 480	n/a		**29-Jan-21**
2019	7 880			7 880	n/a		**26-Feb-22**
2020		10 070		10 070	n/a		**8-Mar-23**
FSP – with performance conditions							
2017	44 580		41 335	3 245	n/a	71.50	**23-Mar-20**
2017			3 245	(3 245)	n/a	Lapsed	**23-Mar-20**
2018	16 430			16 430	n/a		**29-Jan-21**
2019	23 630			23 630	n/a		**26-Feb-22**
2020		30 210		30 210	n/a		**8-Mar-23**
CSP							
2020		104 420		104 420	n/a		**8-Mar-23**
NV Lila							
FSP – no performance conditions							
2020		3 640		3 640	n/a		**8-Mar-23**
FSP – with performance conditions							
2020		10 900		10 900	n/a		**8-Mar-23**
CSP							
2020		37 690		37 690	n/a		**8-Mar-23**

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (options and SAR)/vested (FSP) /lapsed in current year	Closing number	Exercise price	Price on exercise date (options and SAR) / vesting price (FSP)	Exercise or exercisable (options and SAR)/vesting date (FSP)
Prescribed officers							
E Leeka							
Share appreciation rights							
2017	29 950			29 950	121.53		**28-Mar-20**
2018	55 270			55 270	177.71		**29-Jan-21**
2019	75 330			75 330	130.02		**26-Feb-22**
FSP – no performance conditions							
2017	5 180		5 180		n/a		**23-Mar-20**
2018	2 200			2 200	n/a		**29-Jan-21**
2019	3 130			3 130	n/a		**26-Feb-22**
2020		3 980		3 980	n/a		**8-Mar-23**
FSP – with performance conditions							
2017	15 540		14 409	1 131	n/a	71.50	**23-Mar-20**
2017			1 131	(1 131)	n/a	Lapsed	**23-Mar-20**
2018	6 600			6 600	n/a		**29-Jan-21**
2019	9 400			9 400	n/a		**26-Feb-22**
2020			11 950	11 950	n/a		**8-Mar-20**
CSP							
2020		41 320		41 320	n/a		**8-Mar-23**

39 DIRECTORS' REMUNERATION AND INTERESTS continued

	Award date	Number allocated in prior years	Number allocated in current year	Number exercised (options and SAR)/vested (FSP)/lapsed in current year	Closing number	Exercise price	Price on exercise date (options and SAR)/vesting price (FSP)	Exercise or exercisable (options and SAR)/vesting date (FSP)
K Mmutlana								
Share appreciation rights								
	2018	32 540			32 540	177.71		**29-Jan-21**
	2019	46 800			46 800	130.02		**26-Feb-22**
FSP – no performance conditions								
	2017	24 602			24 602	n/a	71.50	**28-Mar-20**
	2018	1 300			1 300	n/a		**29-Jan-21**
	2019	1 950			1 950	n/a		**26-Feb-22**
	2020		3 640		3 640	n/a		**8-Mar-23**
FSP – with performance conditions								
	2017	8 198		7 602	596	n/a	71.50	**23-Mar-20**
	2017			596	(596)	n/a	Lapsed	**23-Mar-20**
	2018	3 890			3 890	n/a		**29-Jan-21**
	2019	5 840			5 840	n/a		**26-Feb-22**
	2020		10 900		10 900	n/a		**8-Mar-23**
CSP								
	2020		37 690		37 690	n/a		**8-Mar-23**

40 PRINCIPAL SUBSIDIARY COMPANIES

				Interest of holding Company							
				Effective percentage holdings		Investment in subsidiaries		Indebtedness		Amounts owing to subsidiaries	
	Issued capital			2020	2019	2020	2019	2020	2019	2020	2019
	Type	Currency	Local Currency Amount	%	%	Rm	Rm	Rm	Rm	Rm	Rm
Avis Southern Africa Limited	H	ZAR	17 903 911	**100**	100	**664**	106	**21**	21		
Barloworld Botswana (Pty) Limited [2]	H	BWP	35 329 536	**100**	100						
Barloworld Capital (Pty) Limited	O	ZAR	30 000 000	**100**	100	**30**	30				
Barloworld Equipment (Pty) Limited	O	ZAR	2	**100**	100						
Barloworld Equipment UK Limited [1]	O	GBP	4 500 000	**100**	100						
Vostochnaya Technica UK [1]	O	GBP	34 500 000	**100**	100						
Barloworld Holdings Limited [1]	H	GBP	228 301 000	**100**	100						
Barloworld Insurance Limited [1]	O	GBP	4 100 000	**100**	100	**63**	63				
Barloworld Investments (Pty) Limited	H	ZAR	900	**100**	100	**108**	108	**3 068**	3 626		
Barloworld Logistics Africa (Pty) Limited	O	ZAR	2 859 920	**100**	100						
Barloworld South Africa (Pty) Limited	O	ZAR	765 424	**100**	100	**2 152**	2 238	**6 291**	6 690	**381**	229
Barloworld Investments Namibia (Pty) Limited [3]	H	NAD	1 450 000	**100**	100	**5**	4				
Zeda Car Leasing (Pty) Limited t/a Avis Fleet	O	ZAR	100	**100**	100			**2 431**	2 431		
Barloworld Siyakhula (Pty) Limited	O	ZAR	25 000 100	**100**	100						
Other subsidiaries *						**440**	187	**516**	434	**45**	37
						3 462	2 736	**12 327**	13 202	**426**	266

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:

1. United Kingdom
2. Botswana
3. Namibia

Keys to type of subsidiary

H – Holding companies
O – Operating companies

Any material changes which have taken place during the year are dealt with in the appropriate operational reviews.

* A full list of subsidiaries and a list of the special resolutions of those companies are available to the shareholders, on request, from the registered office of the company. It can be noted in the statement of profit or loss that there is non-controlling interest, non-controlling interest originates mainly from Khula Sizwe, with the black public owning 30%.

41 RELATED PARTY TRANSACTIONS

Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed these transactions occurred under terms that are no less favourable than those entered into with third parties. Intra-Group transactions are eliminated on consolidation.

The following is a summary of other transactions with related parties during the year and balances due at year-end:

R million	Associates of the Group	Joint ventures of the Group
2020		
Goods and services sold to:		
Barloworld Maponya (Pty) Ltd		43
BHBW SA (Pty) Ltd		2
Barzem Enterprise (Pty) Ltd	102	
	102	45
Goods and services purchased from:		
Menlyn Maine Towers (Pty) Ltd	13	
Barloworld Maponya (Pty) Ltd		87
NMI Durban South Motors (Pty) Ltd	136	
	149	87
Trade and other receivables		
Barzem Enterprise (Pty) Ltd	26	
Bartrac Equipment Limited		5
BHBW SA Proprietary Limited		7
	26	12
Leasing finance arrangements commitments		
Menlyn Main Towers (Pty) Ltd	14	
	14	

Rm	Associates of the Group	Joint ventures in which the Group is a venture
2019		
Goods and services sold to:		
Bartrac Equipment Limited		**6**
Barloworld Maponya (Pty) Ltd		**75**
BHBW SA (Pty) Ltd		**8**
Barzem Enterprise (Pty) Ltd	**56**	
	56	**89**
Goods and services purchased from:		
Bartrac Equipment Limited		**26**
Menlyn Maine Towers (Pty) Ltd	**1**	
Irene Khaya Investments (Pty) Ltd	**6**	
Barzem Enterprise (Pty) Ltd	**1**	
	8	**26**
Trade and other receivables		
BHBW SA Proprietary Limited		4
		4
Amounts due from related parties as at end of year		
Barloworld Maponya (Pty) Ltd		**1**
BHBW SA (Pty) Ltd		**7**
Barzem Enterprise (Pty) Ltd	**8**	
	8	**8**

Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bear interest at market related rates. There are no provisions held against any of the related parties.

The loan to Mopanya was further impaired by R15.9 million (2019: R9 million). The investment to BHBW South Africa (Pty) Ltd was impaired by R187 million in the current year.

Details of investments in associates and joint ventures are disclosed in note 14.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 40.

Directors

Details regarding directors' remuneration and interests are disclosed in note 39, and share appreciation rights , forfeitable shares and conditional shares are disclosed in note 35.

41 RELATED PARTY TRANSACTIONS continued

Transactions with key management and other related parties (including directors and prescribed officers)

During the year, the Automotive trading segment sold motor vehicles to E Leeka , L Nkombisa and C Groenewald to the value of R4,3 million (2019: R1,3 million).

Shareholders

The principal shareholders of the Company are disclosed in the integrated report.

Barloworld Medical Scheme

Contributions of R200 million were made to the Barloworld Medical Scheme on behalf of employees (2019: R191 million).

Barloworld Pension Fund

Amounts recognised in the Income Statement in respect of defined benefit plans was a net expense of R53 million (2019: R148 million net expense).

Other transaction

42 EVENTS AFTER THE REPORTING PERIOD

Update on Barloworld's proposed acquisition of Tongaat Hulett Starch

Refer to note 38 regarding the progress of the Tongaat Hulett Starch acquisitions

Update on funding maturities subsequent to year-end

Refer to note 1 Going-Concern for an update on funding maturities and covenants subsequent to the year-end.

COVID-19 Crisis update

The impact of COVID-19 has been considered up to 30 September 2020. Subsequent to year-end there have been no significant changes in the COVID-19 restrictions impacting our businesses and thus no subsequent events related to the COVID-19 crisis have occurred. In the automotive businesses the Rental volumes have been severely impacted by COVID-19 and the resultant lockdown. Airport traffic is critical to Car Rental and the current restrictions continue to impact the business. The key countries driving inbound tourism to South Africa are thus excluded from travelling to South Africa and this is severely impacting the business. This resulted in being over fleeted from March 2020, and post lockdown the business has managed to reduce the fleet significantly with used vehicle sales a lot stronger than originally anticipated, both from a volume and margin perspective. At September 2020, the business has brought the fleet back in line with business requirements and will have to start procuring fleet to maintain service levels and demand. The rate per day was impacted by a change in business mix as monthly and replacement increased proportionally compared to other segments. Average utilisation for the period is 61.3% (prior year: 76.1%) on an average fleet of 24 097 vehicles (8.4% lower than last year's 26 305). The lockdown affected utilisation and the business has been right sizing its fleet to adapt to the declined volumes. This has been a tough process and the fleet in October is in line with demand. We expect the utilisation levels to return to normality in 2021. The austerity measures and cost saving initiatives already implemented by the Group have yielded significant cost savings of approximately R402 million during this financial year as a result of salary sacrifices, travel expenses , operating lease savings and other measures applied in the business and are forecast to lower the overall cost base going forward. Capex expenditure of R596 million was also reduced. Most of our businesses have been severely affected by restrictions on trade as well as various lockdowns and the prospects of a quick recovery are low. In an effort to adjust to the requirements of trading in a significantly changed environment while positioning the business for a recovery, management and the board instituted Group-wide retrenchments, in addition to the 12-month remuneration sacrifice plan implemented on 1 May 2020. Retrenchment processes have largely been completed with significant staff complement reductions at Automotive and Logistics, Equipment southern Africa and the Corporate Centre. The number of staff retrenched in this process was 2 644 out of a total staff complement of 15 396 at the end of 2019. Retrenchment costs of R289 million were incurred to September 2020 with the reduced staff levels.

To the knowledge of the directors no further material events have occurred between the balance sheet and the date of approval of these financial statements that would affect the ability of the users of the financial statements to make proper evaluations and decisions.

Company statement of comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 Rm	2019 Rm
Continuing operations			
Dividends from subsidiaries		**2 469**	893
Rental income			2
Other income		**3**	
Interest Income^		**502**	588
Finance costs*		**(447)**	(528)
Administrative costs		**(66)**	(78)
Fair value adjustments		**11**	
B-BBEE IFRS 2 charge		**(735)**	
Profit before taxation	2	**1 737**	877
Taxation	3	**(20)**	(49)
Profit after tax		**1 717**	828
Profit from discontinued operations	10.1	**(84)**	120
Total comprehensive income for the year		**1 633**	948

^ Interest income is derived from interest received from subsidiary companies who hold interest bearing loans.

* Finance costs relate to charges on corporate bonds of which R166 million relates to short term and R281 million relates to long-term.

Company statement of financial position

AT 30 SEPTEMBER 2020

	Notes	2020 Rm	Restated* 2019 Rm	2018 Rm
Non-current assets		**12 921**	9 848	13 093
Plant and equipment	4		3	4
Investment property	5	**101**	58	632
Intangible assets	6		1	3
Investments	7	**3 477**	2 741	2 669
Loans to subsidiaries	8	**9 343**	7 045	9 785
Current assets		**3 260**	6 160	4 257
Loans to subsidiaries	8	**404**	2 927	85
Trade and other receivables			4	2
Taxation		**36**		
Cash and cash equivalents	9	**2 821**	3 229	4 170
Assets classified as held-for-sale	10.2	**116**	676	93
TOTAL ASSETS		**16 297**	**16 684**	**17 443**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	12	**(1 276)**	286	286
Other reserves		**738**	168	168
Retained Income		**11 163**	10 514	10 590
Interest of shareholders of Barloworld Limited		**10 625**	10 968	11 044
Non-current liabilities		**4 032**	4 402	3 781
Deferred taxation liability	10	**23**	18	14
Interest-bearing liabilities	13	**4 009**	4 384	3 767
Current liabilities		**1 640**	1 314	2 618
Loans from subsidiaries	8	**273**	168	167
Trade and other payables		**41**	65	78
Amounts due to bankers and short-term borrowings	14	**1 326**	1 081	2 373
TOTAL EQUITY AND LIABILITIES		**16 297**	16 684	17 443

* Refer to note 17 regarding the restatement of prior year errors.

Company statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital and premium Rm	Revaluation reserve Rm	Equity compensation reserve* Rm	Total other reserves Rm	Total retained income Rm	Total shareholders' interest Rm
Balance at 30 September 2018		286	3	165	168	10 590	11 044
Total comprehensive income for the year						948	948
Dividends on ordinary shares	16					(1 024)	(1 024)
Balance at 30 September 2019		286	3	165	168	10 514	10 968
Total comprehensive income for the year						**1 633**	**1 633**
Equity compensation reserve				**735**	**735**		**735**
Transfer from reserves^				**(165)**	**(165)**	**165**	
Dividends on ordinary shares	16					**(1 149)**	**(1 149)**
Share buy back in the current year	12	**(1 562)**					**(1 562)**
Balance at 30 September 2020		**(1 276)**	**3**	**735**	**738**	**11 163**	**10 625**

* The equity compensation reserve relates to the IFRS 2 charge for the Khula Sizwe B-BBBEE transaction.

Shares of 6 578 121 or 3% were issued to the Barloworld Empowerment Foundation on the 13th of December 2019, at a share price of R111.87 per share, equating to a grant fair value of R735 million. A further 5% discount on the market values of the properties was given to Khula Sizwe on the sale of properties.

The shares held by the foundation are indefinite.

^ The transfer from equity compensation reserves to retained income relates to the previous B-BBEE transactions remaining equity compensation charges.

Company statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 Rm	Restated* 2019 Rm
Cash flows from operating activities			
Cash utilised in operations	A	**(5)**	51
Dividends received from investments (excluding withholding tax)		**2 469**	893
Interest Income		**502**	588
Finance costs		**(446)**	(553)
Taxation paid	B	**(276)**	(57)
Cash flow from operations		**2 244**	922
Dividends paid		**(1 149)**	(1 024)
Cash inflows/(outflows) from operating activities		**1 095**	(102)
Cash flows from investing activities			
Additions to investment property		**(64)**	
Acquisition of investment property		**(1 829)**	(18)
Proceeds on disposal of investment property		**2 470**	
Increase in financial assets		**(720)**	(72)
Increase in loans to subsidiaries		**226**	(105)
Increase in loans from subsidiaries		**105**	
Net cash inflow from investing activities		**188**	(195)
Net cash inflow before financing activities		**1 283**	(297)
Cash flows from financing activities			
Buyback on share issue		**(1 562)**	
Proceeds from long-term borrowings		**700**	621
Repayment of short-term borrowings		**(829)**	(1 266)
Net cash outflow from financing activities	C	**(1 691)**	(645)
Net movement in cash and cash equivalents		**(408)**	(942)
Cash equivalents at the beginning of year		**3 229**	4 170
Cash and cash equivalents at end of year		**2 821**	3 229

* Refer to note 17 regarding the restatement of prior year errors.

Notes to the company statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		Notes	2020 Rm	Restated* 2019 Rm
A	**Cash utilised in operations is calculated as follows^:**			
	Profit before taxation – continued operations		**1 737**	**877**
	Profit before taxation – discontinued operations		**138**	**128**
	Adjustments for:			
	Depreciation			10
	Profit on sale of investment property		**(60)**	
	Amortisation of intangible assets		**1**	2
	Dividends received		**(2 469)**	(893)
	Interest received		**(502)**	(588)
	Finance costs		**447**	528
	Fair value adjustments on financial instruments		**(11)**	
	B-BBEE IFRS 2 charge		**735**	
	Operating cash flows before movements in working capital		**16**	64
	Decrease in trade and other receivables		**4**	
	Movement in payables		**(25)**	(13)
	Cash generated from operations		**(5)**	51
B	**Taxation paid is reconciled to amounts disclosed in the income statement as follows:**			
	Tax from continuing operations		**(72)**	(49)
	Tax from discontinued operations		**(204)**	(8)
	Cash amounts paid		**(276)**	(57)

^ The prior year cash flow statement was represented to reflect the continuing cash flows separately from those of the discontinued operations.

* Refer to note 17 regarding the restatement of prior year errors.

C **Changes in liabilities arising from financing activities**

Net cash outflow from financing activities:

2020	1 October	Cash flows	Movement in interest provisions	Transfers to or from short term loans	30 September
Net cash (used in)/generated from financing activities is reconciled as follows:					
Non-current interest bearing loans	**4 384**	**700**	**(1)**	**(1 074)**	**4 009**
Current interest bearing loans	**1 081**	**(829)**		**1 074**	**1 326**
Other movements					
Share capital	**286**	**(1 562)**			**(1 276)**
	5 751	**(1 691)**	**(1)**		**4 059**
2019					
Net cash (used in)/generated from financing activities is reconciled as follows:					
Non-current interest bearing loans	3 767	621	(4)		4 384
Current interest bearing loans (including held for sale)	2 373	(1 266)	(26)		1 081
	6 140	**(645)**	**(30)**		**5 465**

Notes to the company financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 ACCOUNTING FRAMEWORK

The accounting policies of the company are the same as those of the Group, where applicable (refer to the consolidated annual financial statements). The policies detailed below are those specifically applicable to the company.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards have been included only if management and directors concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

The basis of preparation is consistent with the prior year with the exception of the adoption of IFRS 16: Leases. Refer to note 37 in the Group financial statements. Barloworld Limited the company does not have any leases which require a right of use asset or lease liability to be recognised in the statement of financial position.

1.1 UNDERLYING CONCEPTS

The financial statements are prepared on the going concern basis. Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously. Non-operating and capital items refer to expenses/income that are unrelated to Barloworld's core operations and fall outside the normal course of business. All financial information has been rounded to the nearest million unless stated otherwise.

1.2 SIGNIFICANT JUDGEMENTS MADE BY MANAGEMENT

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

The Khula Sizwe properties have been accounted for as a disposal Group and not as inventory as this is not held in the ordinary course of business. Also the properties are not held as investment property as the intention is not to hold these properties.

Non-current assets held for sale

The company classified several properties as held for sale in the current year that are in the process of being sold to Khula Sizwe. All the required approvals have been obtained with only the transfers of properties to take place, and therefore the impending sale is expected to complete within the next financial year. As rental income from these properties is significant to the company the properties have been disclosed as discontinued operations.

1.3 REVENUE

Included in revenue are rentals earned from leasing fixed property, dividends received and interest received from subsidiaries.

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method for all interest-bearing financial instruments.

Dividends from subsidiaries are accrued for once declared by the subsidiaries.

1 ACCOUNTING FRAMEWORK continued

1.4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (FINANCIAL INSTRUMENTS)

Financial instruments comprise investments in equity securities, loans receivable, trade and other receivables (excluding prepayments), cash and cash equivalents, borrowings, other non-current liabilities (excluding provisions), bank overdrafts and trade and other payables.

1.5 INVESTMENT PROPERTY

An investment property is either land or a building or part of a building held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both. The cost model is applied in accounting for investment property, i.e. the investment property is recorded at cost less any accumulated depreciation and impairment losses. Land is stated at cost and not depreciated.

Investment property is depreciated on a straight line basis over 20 to 50 years.

1.6 LESSOR

Lessors will classify each lease as an operating lease.

A lessor recognises operating lease payments as income on a straight-line basis.

The company recognises costs, including depreciation, incurred to obtain lease income as an expense.

1.7 CHANGES IN ACCOUNTING POLICIES

Standards that have become applicable to the Company for the first time for the 2020 financial year include:

IFRS 16: Leases
IFRS 16 has not had an impact on the recognition and measurement of the companies leases, however additional disclosures have been required.

IFRS 16 had limited impact as the entity mainly has a few operating leases for which Barloworld Limited is the lessor.

IFRS 16 has not substantially changed lessor accounting. Barloworld Limited does not have any material leases where it is the lessor.

Thus IFRS 16 had no material impact and no right-of-use assets or lease liabilities have been recognised.

	2020 Rm	Restated 2019 Rm
2 PROFIT BEFORE TAX		
Operating profit from continuing operations is arrived at as follows:		
Total income	**2 971**	1 483
Fair value adjustments	**11**	
Less: finance costs	**(447)**	(528)
Less: administrative costs	**(66)**	(78)
Less: IFRS 2 B-BBEE costs	**(735)**	
Operating profit from continued operations	**1 735**	877
Administrative costs include the following:		
Depreciation (notes 4 and 5)		10
Amortisation of intangible assets (note 6)	**2**	2
Administration, management and technical fees paid	**26**	
Consulting, insurance and other investor relation expenses	**23**	22
Non-executive director salaries	**14**	13
Auditors’ remuneration	**1**	4

		2020 Rm	2019 Rm
3	**TAXATION**		
	Foreign and withholding taxation	**(23)**	(4)
	Capital gains tax	**(118)**	
	Current year	**(97)**	(44)
	Prior year	**1**	(5)
		(237)	(53)
	Deferred tax	**(5)**	(4)
	Total taxation	**(242)**	(57)
	Tax from continuing operations	**(20)**	(49)
	Tax from discontinued operations	**(222)**	(8)
	Taxation attributable to the company	**(242)**	(57)

	2020 %	Restated^ 2019 %
Reconciliation of rate of taxation of continued operations:		
South Africa normal taxation rate	**28.0**	28.0
Reduction in rate of taxation	**(38.1)**	(24.0)
Adjustment due to exemption for dividend income	**(36.9)**	(24.0)
Other non-taxable income	**(1.2)**	
Increase in the rate of taxation	**22.9**	1.6
Disallowable charges	**0.9**	0.9
IFRS 2 B-BBEE charge	**11.0**	
Capital gains tax and recoupments	**9.7**	
Prior year	**0.1**	0.6
Withholding taxation	**1.2**	0.1
Taxation as a percentage of profit before taxation	**12.9**	5.6

^ The prior year tax rate reconciliation was represented to reflect the continuing operations separately from those of the discontinued operations.

	Cost Rm	Accumulated depreciation Rm	Net book value Rm
4 PLANT AND EQUIPMENT			
2020			
Equipment and furniture	**24**	**24**	
	24	**24**	
2019			
Equipment and furniture	24	21	3
	24	21	3

None of the above assets are encumbered.

	Equipment and furniture Rm
Movement of net book value of plant and equipment	
2020	
Net balance at 1 October 2019	**3**
Write-off	**(3)**
Net balance at 30 September 2020	**–**

	Cost Rm	Accumulated depreciation Rm	Net book value Rm
5 INVESTMENT PROPERTY			
2020			
Freehold land and buildings	**121**	**20**	**101**
	121	**20**	**101**
2019			
Freehold land and buildings	67	9	58
	67	9	58

There are no assets encumbered.

5 INVESTMENT PROPERTY continued

	Freehold land and buildings Rm
Movement of net book value of investment property	
2020	
Net balance at 1 October 2019	**58**
Reclassification from held for sale	**93**
Other disposals transferred to Group	**(50)**
Net balance at 30 September 2020	**101**
2019	
Net balance at 1 October 2018	632
Additions	18
Transferred to assets held for sale (note 10)	(583)
	67
Depreciation (note 2)	(9)
Net balance at 30 September 2019	58

The register of land and buildings is open for inspection at the registered office of the company.

2020

The fair value for the above freehold land and buildings (including the properties held for sale) amounted to R240 million as per the latest valuation performed in September 2020 (September 2019: R1 015 million based on a valuation at September 2018). The valuation was performed by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value measurement of the properties is considered a level 3 measurement in accordance with IFRS 13. The calculation of the fair values of the properties was based on the income approach method in which the estimated net annual rent for the forward period of 120 months is capitalised at an appropriate rate of interest to reflect the perceived risk in the investment. A period of 120 months was considered appropriate because this was the determined expected future net income. The average capitalisation rate applied in determining the properties fair value was 9.67% (September 2019: 9.2%).

There are no known restrictions on the realisable value of the investment properties.

	2020 Rm	2019 Rm
Rental income derived from investment properties	**78**	130

There are no direct costs incurred (including repairs and maintenance).

There are no unobservable inputs for which a reasonable change in an input would result in a significantly higher or lower fair value measurement. There are also no significant unobservable inputs for which there are interrelationships which significantly influence the valuation.

		Trademarks Rm
6	**INTANGIBLE ASSETS**	
	2020	
	Cost	
	At 1 October 2019	**37**
	At 30 September 2020	**37**
	Accumulated amortisation	
	At 1 October 2019	**36**
	Charge for the year (note 2)	**1**
	At 30 September 2019	**37**
	Carrying amount	
	At 30 September 2020	
	2019	
	Cost	
	At 1 October 2018	37
	At 30 September 2019	37
	Accumulated amortisation	
	At 1 October 2018	34
	Charge for the year (note 2)	2
	At 30 September 2019	36
	Carrying amount	
	At 30 September 2019	1

		2020 Rm	2019 Rm
7	**INVESTMENTS**		
	Investment in subsidiaries and joint ventures at cost less impairment	**3 461**	2 736
	Unlisted investments at fair value	**16**	5
		3 477	2 741

The above assets have been assessed for impairment based on the historical and forecast dividends received and no impairment is required

8	**LOANS OWING FROM/(TO) SUBSIDIARIES**		
	Long-term loans	**9 343**	7 045
	Short-term loans	**403**	2 927
	Amounts owing from subsidiaries *	**9 746**	9 972
	Amounts owing to subsidiaries **	**(273)**	(168)

* The interest bearing loans are payable on demand, with the interest rate calculated using the weighted average cost of external borrowings for Barloworld Treasury plus a margin of 0.25%. Non-interest bearing loans are not payable on demand but are long-term. The interest bearing loans are payable on demand, with the interest rate calculated using the weighted average cost of external borrowings for Barloworld Treasury plus a margin of 0.25%. During the current financial year the Khula Sizwe Management trust was provided a R198 million interest free loan. Non-interest bearing loans are not payable on demand but are long-term. There is no history of credit losses on loans to subsidiaries and management expect these loans to continue performing, and therefore, no expected credit losses have been recognised on these loans. Management have also considered macro-economic forward looking factors relating to these loans, however the ECL remains negligible and as such none has been recognised.

** The R273 million owing to subsidiaries is made up mainly of various Group equity loans which are interest free with no fixed repayment terms.

Expected credit losses are determined in line with the Group's accounting policy included in the Group annual financial statements.

	2020 Rm	2019 Rm
9 CASH AND CASH EQUIVALENTS		
Cash equivalent balances*	**2 821**	3 229

* Refer to the restatement note 17 regarding the restatement of prior year errors.

	2020 Rm	2019 Rm
10 DEFERRED TAXATION LIABILITY		
Movement of deferred taxation		
Balance at the beginning of year	**(18)**	(14)
Recognised in the statement of comprehensive income	**(5)**	(4)
Balance at end of year	**(23)**	(18)
Analysis of deferred taxation by type of temporary difference		
Other temporary differences		(14)
Property related to the Khula Sizwe properties held for sale	**(18)**	
	(18)	(14)
Amount of deferred taxation recognised in the statement of comprehensive income		
Other temporary differences		(4)
Unremitted earnings on Namibia	**(5)**	
	(5)	(4)

11 DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

11.1 DISCONTINUED OPERATIONS

As part of the strategy to unlock value in our underlying businesses and the focus on disciplined allocation of capital management has taken the firm decision to sell properties (land and buildings) as part of the Groups B-BBEE transaction "Khula Sizwe". This transaction was approved by shareholders on 14 February 2019 and the black public offer was fully subscribed. The transaction was expected to be fully implemented within 12 months however the property transfer process was significantly delayed by the outbreak of COVID-19. Nonetheless, we expect that the remaining properties will be transferred in the next 12 months. The business of owning and leasing property represents a significant line of business for Barloworld Limited and has therefore been disclosed as a discontinued operation from 30 September 2019.

Results from discontinued operations are as follows:	2020 Rm	2019 Rm
Revenue – rental income ^	**78**	128
Profit on sale of properties	**60**	
Profit before taxation	**138**	128
Taxation*	**(222)**	(8)
(Loss)/Profit from discontinued operations per income statement	**(84)**	120
The cash flows from the discontinued operations are as follows:		
Cash flows from operating activities	**(144)**	120

* Includes R99 million capital gains taxation paid for the sale of the Khula Sizwe properties transferred. Section 45 was applied on the transfer of all the properties from Group subsidiaries, which resulted in the use of the base cost from the subsidiaries being applied, thereby increasing the capital gains tax paid.

^ Rental income is all fixed and there are no variable portions linked to any indexes

11.2 ASSETS CLASSIFIED AS HELD FOR SALE

The assets held for sale relate to properties which are intended to be sold to the Khula Sizwe B-BBEE venture in the near future as per note 11.1.

	2020 Rm	2019 Rm
Movement of net book value of properties held for sale		
Properties at cost – 1 October	**802**	802
Property improvements	**64**	
Reclassification*	**(112)**	
Properties acquired from Group companies	**1 829**	
Properties sold to Khula Sizwe	**(2 458)**	
Properties at cost – 30 September	**125**	802
Properties accumulated depreciation – 1 October	**(126)**	(126)
Reclassification*	**19**	
Properties sold to Khula Sizwe	**98**	
Properties at accumulated depreciation – 30 September	**(9)**	(126)
Net balance at 30 September	**116**	676

The company has committed R132 million (2019: R1 734 million) for purchase of properties from underlying subsidiaries as part of the Khula Sizwe deal.

The values recognised represent the lower of the carrying amounts and fair value less costs to sell.

* The reclassification is as a result of unexpected delays in the commencement of the Barlow Park property due to the outbreak of COVID-19 in the current year and management have decided to revise their decision at this stage resulting in the land no longer shown as held for sale in the current financial year.

		2020 Rm	2019 Rm
12	**SHARE CAPITAL AND PREMIUM**		
	AUTHORISED SHARE CAPITAL		
	500 000 6% non-redeemable cumulative preference shares of R2 each (2019: 500 000)	**1**	1
	400 000 000 ordinary shares of 5 cents each (2019: 400 000 000)	**20**	20
		21	21
	Issued share capital		
	375 000 6 % non-redeemable cumulative preference shares of R2 each (2019: 375 000)	**1**	1
	201 025 646 ordinary shares of 5 cents each (2019: 212 692 583)	**10**	11
		10	12
	Share premium*	**(1 286)**	274
	Total issued share capital and premium	**(1 276)**	286

* During the year 18 245 058 shares were repurchased at an average price of R85.64 per share and canceled as part of the Group's formal buy-back program.

At the general meeting of the company held on 14 February 2019 the Groups' B-BBEE transaction Khula Sizwe was approved. During the year 6 578 121 shares were issued to the Barloworld Empowerment Foundation. There were no costs incurred in issuing these shares.

There are no rights preferences or restrictions on the ordinary shares in issue with the exception of those shares issued to the Barloworld Empowerment Foundation.

Refer to note 23 of the Group annual financial statements for further details relating to the companies share capital.

		2020 Rm	2019 Rm
13	**INTEREST-BEARING LIABILITIES**		
	Total long-term borrowings	**5 083**	4 965
	Less: Current portion redeemable and repayable within one year (note 14)	**(1 074)**	(581)
	South African rand: Interest-bearing	**4 009**	4 384

Barloworld Bonds

Certificate	Issued	Maturity	Comparable Treasury Stock	Spread bps	Yield %	Type	2020 Rm	2019 Rm
BAW18	5-Dec-13	5-Dec-20	3-month Jibar	170	5.66	Floating rate	**355**	355
BAW19	5-Dec-13	5-Dec-20	Fixed	Fixed	9.56	Fixed rate (NACS)	**472**	472
BAW21	24-Mar-15	24-Mar-22	Fixed	Fixed	9.30	Fixed rate (NACS)	**710**	710
BAW22	7-Dec-15	7-Dec-22	3-month Jibar	200	5.94	Floating rate	**252**	252
BAW25	9-May-17	8-May-20	3-month Jibar	180	8.36	Floating rate		582
BAW26U	11-May-17	11-May-21	3-month Jibar	195	5.45	Floating rate	**250**	250
BAW27U	11-May-17	11-May-22	3-month Jibar	210	5.60	Floating rate	**250**	250
BAW28	6-Jun-17	6-Jun-22	3-month Jibar	205	5.99	Floating rate	**500**	500
BAW29	22-Feb-18	22-Feb-23	3-month Jibar	180	5.24	Floating rate	**400**	400
BAW30	5-Dec-18	5-Dec-21	3-month Jibar	139	5.35	Floating rate	**700**	700
BAW31	30-Sep-19	30-Sep-22	3-month Jibar	130	5.21	Floating rate	**500**	500
BAW32U	14-May-20	15-May-23	Fixed	Fixed	6.73	Fixed rate (NACS)	**700**	
Fees Capitalised							**(6)**	(6)
							5 083	4 965

	2020 Rm	2019 Rm
14 AMOUNTS DUE TO BANKERS AND SHORT-TERM BORROWINGS		
Short-term borrowings	**252**	550
Current portion of long-term borrowings	**1 074**	581
	1 326	1 081

15 FINANCIAL INSTRUMENTS

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, loans to and from subsidiaries.

15.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	2020			2019 Restated		
Rm	Amortised cost	FVTOCI	Total amount	Amortised cost	FVTOCI	Total amount
ASSETS						
Amounts due from subsidiaries (Debt instruments)	**9 746**		**9 746**	9 972		9 972
Cash and cash equivalents	**2 821**		**2 821**	3 229		3 229
Unlisted Investments (Equity instrument)**		**16**	**16**		5	5
Trade and other receivables (Debt instruments)				4		4
	12 567	**16**	**12 583**	13 204	5	13 209

** Refer to note 17 regarding the restatement of prior year errors.

Rm	2020 Amortised cost	2019 Amortised cost
LIABILITIES		
Interest-bearing non-current liabilities	**4 009**	4 384
Trade and other payables**	**41**	15
Amounts due to subsidiaries (Debt instruments)	**273**	168
Amounts due to bankers and short-term loans**	**1 326**	1 081
Total liabilities	**5 649**	**5 698**

* Refer to the Group financial statements note 34 for further information regarding this investment.

** Refer to note 17 regarding the restatement of prior year errors.

15.2 FINANCIAL RISK MANAGEMENT

a. Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the company consists of debt (refer note 12 and 13) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 11), reserves and retained earnings (statement of changes in equity).

A finance committee consisting of senior executives of the company meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

15 FINANCIAL INSTRUMENTS continued

15.2 FINANCIAL RISK MANAGEMENT continued

b. Market risk

i) Currency risk

The company is not exposed to any significant currency risk.

ii) Interest rate risk

The company manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

	2020 Rm	2019 Rm
The interest rate profile of total borrowings is as follows:		
Interest rates		
Loans at fixed rates of interest	**1 882**	3 783
Loans linked to South Africa floating interest rates	**3 201**	1 182
	5 083	4 965

Interest rate sensitivity analysis

A change in interest rates by 1% would result in a change in profit or loss of R51 million (2019: 1%: R50 million).

There has been no change during the current year in the company's approach to managing other price risk.

c. Credit risk

The potential area of credit risk is short-term cash investments, equity loans and inter Group loans. It is company policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings. No collateral is held.

	2020	2019
Maximum exposure to credit risk		
Financial assets*	**12 567**	13 204

* The financial assets mainly comprise of loans owed by subsidiaries trading in the earthmoving equipment, power, car rental, motor retail and Avis fleet industries in South Africa and a small concentration in Lesotho.

Each of the above operating segments has credit terms appropriate for their industry. Credit risk on vehicles supplied to external dealerships is generally secured by a dealer floorplan with a bank, who settle within the credit terms. The average credit period on these sales ranges from 30 to 90 days. When dealing with sales to external retail, construction or mining customers, full settlement or confirmation of financing from a respected financial institution is required before delivery. These measures minimise the credit risk. Credit risk exposures to customers for parts, services, maintenance and repair contracts and vehicle rental and are managed by monthly review of trade receivables ageing. The risk is mitigated by stringent background checks and credit limits for all customers, continuous review of credit limits, as well as legal action against defaulting customers. The average credit period on these sales is 30 days, however, extended credit terms may be negotiated during the account application process. It is Group policy to deposit cash with major banks and financial institutions with strong credit ratings.

Each of the above operating segments use forward looking information utilised in the expected credit loss models.

The following forward looking information was utilised to estimate the expected credit loss:

- The geography and industry in which the customers operate, sales to entities based in South Africa as well as sales related to part and services are considered riskier.

15.2 FINANCIAL RISK MANAGEMENT continued

c. Credit risk continued

- Period overdue and time taken to settle underlying receivables, the older accounts are considered a higher risk.
- Past default experiences of the operating segments, examples include the Financial Services operations, which have a very low default experience.

By the subsidiaries managing their credit risk the company therefore minimizes its risk of default of the above financial assets. Therefore there are no expected credit losses raised on any financial assets as there is no history of credit losses in any of the Group's subsidiary companies.

d. Liquidity risk

Liquidity risk arises when the company cannot meet its contractual cash outflows as they fall due and payable. The company is mainly funded through the treasury department in Barloworld South Africa and dividends received by subsidiaries. Liquidity risk is monitored through forecast cash flows, maintaining a balance between long term and short term debt and ensuring that adequate unutilised borrowing facilities are maintained.

There has been no change to this approach in the current year.

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

		Repayable during the year ending 30 September	
	Total owing 2020	**2021**	**2022 to 2024**
Interest-bearing liabilities	**7 055**	1 561	5 494
Interest	**(1 720)**		
Total interest-bearing liabilities	**5 335**		
	Total owing 2019	**2020**	**2021 to 2023**
Interest-bearing liabilities	**7 614**	1 286	6 328
Interest	**(2 149)**		
Total interest-bearing liabilities	**5 465**		

		Repayable during the year ending 30 September		
	Total owing 2020	**2021**	**2022 to 2025**	**> 5 years**
Financial guarantees on behalf of joint ventures#	**45**	45		
Financial guarantees on behalf of subsidiaries^	**3 613**	284	1 383	1 946
	Total owing 2019	**2020**	**2021 to 2024**	**> 5 years**
Financial guarantees on behalf of joint ventures#	**45**	45		
Financial guarantees on behalf of subsidiaries^	**3 838**	224	1 298	2 316

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

^ For issued financial guarantee contracts related to rental payments payable by subsidiary companies, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called and would therefore follow the rental period.

There are no expected credit losses raised on any of the financial guarantees as there is no history of credit losses in any of the Group's subsidiary companies.

		2020 Rm	2019 Rm
16	**DIVIDENDS**		
	Ordinary shares		
	Final dividend No 182 paid on 13 January 2020: 297 cents per share (2019: No 180 – 317 cents per share)	**651**	674
	Special dividend No 182 paid on 13 January 2020: 228 cents per share (2019: Nil)	**498**	
	Interim dividend (2019: No 181 – 165 cents per share)		350
	Paid to Barloworld Limited shareholders	**1 149**	1 024

No final dividend was declared.

17 RESTATEMENT OF PRIOR YEAR ERRORS AND RECLASSIFICATIONS

1. Cash and cash equivalents

The balances with our treasury and corporate office subsidiaries were previously all disclosed as part of short-term loans to subsidiaries. We have subsequently reassessed the nature of these loans in terms of the definition of cash and cash equivalents. A key indicator was that the ability of the extent to which the operations of Barloworld Limited generate sufficient cash flows to pay loans, maintain the operating capacity of the entity, pay dividends and make new investments without reverting to external funding was met and therefore we have reclassified these loans to cash and cash equivalents. The statement of cash flow has also been impacted and restated below.

2. Classification of current and non-current loans

Loans to subsidiaries were also accessed for the nature of the loans and it was subsequently identified that certain loans are long-term in nature, rather than disclosed as short-term and has been adjusted accordingly.

3. Classification of accrued interest

The interest accrued on commercial loans and bonds was previously include in the carrying amount of the loan balance. This has now been reclassified as accruals in payables.

Statement of financial position	Reference to above	As Reported 2019 Rm	Restatement Rm	2019 Rm
Non-current assets		**7 187**	**2 661**	9 848
Plant and equipment		**3**		3
Investment property		**58**		58
Intangible assets		**1**		1
Investments		**2 741**		2 741
Loans to subsidiaries	2	**4 384**	**2 661**	7 045
Current assets		**8 821**	**(2 661)**	6 160
Loans to subsidiaries	1, 2	**8 817**	**(5 890)**	2 927
Trade and other receivables		**4**		4
Cash and cash equivalents	1		**3 229**	3 229
Assets classified as held for sale		**676**		676
TOTAL ASSETS		**16 684**		16 684
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		**286**		286
Other reserves		**168**		168
Retained Income		**10 514**		10 514
Interest of shareholders of Barloworld Limited		**10 968**		10 968
Non-current liabilities		**4 402**		4 402
Deferred taxation liability		**18**		18
Interest-bearing liabilities		**4 384**		4 384
Current liabilities		**1 314**		1 314
Loans from subsidiaries		**168**		168
Trade and other payables	3	**15**	**50**	65
Amounts due to bankers and short-term borrowings	3	**1 131**	**(50)**	1 081
TOTAL EQUITY AND LIABILITIES		**16 684**		16 684

17 RESTATEMENT OF PRIOR YEAR ERRORS AND RECLASSIFICATIONS continued

Statement of cash flows	As Reported 2019 Rm	Restatement Rm	2019 Rm
Cash flows from operating activities			
Cash utilised in operations	76	(25)	51
Dividends received from investments (excluding withholding tax)	893		893
Interest income	588		588
Finance costs	(528)	(25)	(553)
Taxation paid	(57)		(57)
Cash flow from operations	972	(50)	922
Dividends paid	(1 024)		(1 024)
Cash inflows/(outflows) from operating activities	(52)	(50)	(102)
Cash flows from investing activities			
Additions to investment property			
Acquisition of investment property	(18)		(18)
Proceeds on disposal of investment property			
Increase in financial assets	(72)		(72)
Increase in loans to subsidiaries	837	(942)	(105)
Net cash inflow from investing activities	747	(942)	(195)
Net cash inflow before financing activities	695	(992)	(297)
Cash flows from financing activities			
Proceeds from long-term borrowings	621		621
Repayment of short-term borrowings	(1 316)	50	(1 266)
Net cash outflow from financing activities	(695)	50	(645)
Net movement in cash and cash equivalents		(942)	(942)
Cash equivalents at the beginning of year		4 170	4 170
Cash and cash equivalents at the end of year		3 228	3 228

17 RESTATEMENT OF PRIOR YEAR ERRORS AND RECLASSIFICATIONS continued

Statement of financial position		As Reported 2018 Rm	Restatement Rm	2018 Rm
Non-current assets		**17 350**		17 350
Plant and equipment		**4**		4
Investment property		**632**		632
Intangible assets		**3**		3
Investments		**2 669**		2 669
Loans to subsidiaries	2	**3 767**	**6 018**	9 785
Current assets		**10 275**	**(6 018)**	10 275
Loans to subsidiaries	2	**10 273**	**(10 188)**	85
Trade and other receivables		**2**		2
Cash and cash equivalents	1		**4 170**	4 170
Assets classified as held for sale		**93**		93
TOTAL ASSETS		**17 443**		17 443
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		**286**		286
Other reserves		**168**		168
Retained Income		**10 590**		10 590
Interest of shareholders of Barloworld Limited		**11 044**		11 044
Non-current liabilities		**3 781**		3 781
Deferred taxation liability		**14**		14
Interest-bearing liabilities		**3 767**		3 767
Current liabilities		**2 618**		2 618
Loans from subsidiaries		**167**		167
Trade and other payables	3	**3**	**75**	78
Amounts due to bankers and short-term borrowings	3	**2 448**	**(75)**	2 373
TOTAL EQUITY AND LIABILITIES		**17 443**		17 443

18 PRINCIPAL SUBSIDIARY COMPANIES

Refer to note 40 of the consolidated annual financial statements.

		2020 Rm	2019 Rm
19	**RELATED PARTY TRANSACTIONS**		
	The following is a summary of transactions with related parties during the year and balances due at year end:		
	With related parties of the company		
	Rental revenue	**78**	130
	Barloworld South Africa (Pty) Ltd	**76**	127
	BHBW South Africa (Pty) Ltd	**2**	3
	Dividends from subsidiaries	**2 469**	893
	Barloworld South Africa (Pty) Ltd	**630**	571
	Barloworld Insurance Ltd	**10**	62
	Barloworld Investments (Pty) Ltd	**1 596**	237
	Barloworld Equipment Lesotho (Pty) Ltd	**233**	23
	Interest revenue from subsidiaries	**501**	588
	Barloworld South Africa (Pty) Ltd	**285**	588
	Zeda Car Leasing (Pty) Ltd	**196**	
	Phakisaworld Fleet Solutions (Pty) Ltd	**20**	
	Inter Group loans and other amounts due from related parties as at end of year	**12 567**	13 202
	Barloworld South Africa (Pty) Ltd	**6 356**	6 620
	Khula Sizwe Management trust	**198**	
	Barloworld Equipment Lesotho (Pty) Ltd	**198**	
	Barloworld Investments (Pty) Ltd	**3 068**	3 626
	Zeda Car Leasing (Pty) Ltd	**2 483**	2 431
	Avis Southern Africa (Pty) Ltd		91
	Phakisaworld Fleet Solutions (Pty) Ltd	**252**	
	Other related parties	**12**	434
	Inter Group loans and other amounts due to related parties as at end of year	**273**	168
	Barloworld South Africa (Pty) Ltd	**216**	123
	Other related parties	**57**	45

Refer to note 41 of the consolidated annual financial statements for further details of the related parties.

Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed these transactions occurred under terms that are no less favourable than those entered into with third parties.

There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

Details regarding directors' and key management remuneration and interest, share options, share appreciation rights and forfeitable shares are disclosed in note 35 of the consolidated annual financial statements.

During the financial year R1.8 billion of subsidiary properties were transferred to the company and thereafter sold to Khula Sizwe at R2.3 billion which included properties already held for sale in 2019. The company applied Section 45 which resulted in a R99 million capital gain tax paid by the company. There are already three properties held for sale and four properties remaining which will be transferred from subsidiaries to the company and thereafter to Khula Sizwe.

20 EVENTS AFTER THE REPORTING PERIOD

Refer to note 42 of the consolidated annual financial statements for events after the reporting date impacting the company.

The consolidated financial statements are available on **www.barloworld.com**

Consolidated seven-year summary

FOR THE YEAR ENDED 30 SEPTEMBER

	Compound annual growth %	2020 Rm	2019* Rm
INCOME STATEMENT			
CONTINUING OPERATIONS			
Revenue	(3.7)	**49 683**	60 206
Operating profit before items listed below	(3.1)	**5 122**	6 547
Impairment losses on financial assets and contract assets		**(292)**	(75)
Depreciation		**(2 661)**	(2 387)
Amortisation of intangible assets		**(136)**	(115)
Operating profit before B-BBEE transaction charge		**2 033**	3 970
B-BBEE transaction charge		**(236)**	(73)
Operating profit	(11.9)	**1 797**	3 897
Fair value adjustments on financial instruments		**(340)**	22
Finance costs	2.2	**(1 274)**	(1 134)
Income from investments		**155**	203
Profit before non-operating and capital items	(28.8)	**338**	2 988
Non-operating and capital items		**(1 900)**	75
Profit before taxation		**(1 562)**	3 063
Taxation		**(889)**	(850)
Profit after taxation		**(2 451)**	2 213
Income from associates and joint ventures		**(48)**	231
Net profit from continuing operations		**(2 499)**	2 444
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations			33
Net profit		**(2 499)**	2 477
Attributable to:			
Owners of Barloworld Limited		**(2 476)**	2 428
Non-controlling interests in subsidiaries		**(23)**	49
		(2 499)	2 477
Headline earnings from continuing operations	1.8	**268**	1 100

* *The restatement is due to Avis fleet no longer being classified as a discontinued operation and the restatement of impairment losses on financial assets and contract assets.*

	2018 Rm	2017 Rm	2016 Rm	2015 Rm	2014 Rm
	63 420	61 959	62 074	62 720	62 101
	6 978	6 694	6 486	6 479	6 170
	(2 433)	(2 468)	(2 294)	(2 355)	(2 198)
	(141)	(144)	(105)	(129)	(142)
	4 404	4 082	4 087	3 995	3 830
				(251)	
	4 404	4 082	4 087	3 744	3 830
	(133)	(209)	(209)	(198)	(156)
	(1 182)	(1 329)	(1 331)	(1 252)	(1 117)
	147	109	111	67	39
	3 236	2 653	2 658	2 361	2 596
	(248)	(155)	85	(6)	(66)
	2 988	2 498	2 743	2 355	2 530
	(950)	(565)	(796)	(808)	(837)
	2 038	1 933	1 947	1 547	1 693
	235	93	3	287	217
	2 273	2 026	1 950	1 834	1 910
	1 647	(269)	29		428
	3 920	1 757	1 979	1 834	2 338
	3 846	1 643	1 883	1 713	2 143
	74	114	96	121	195
	3 920	1 757	1 979	1 834	2 338
	2 427	2 053	1 778	1 960	1 813

Consolidated seven-year summary CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

	2020 Rm	2019* Rm
STATEMENT OF FINANCIAL POSITION		
Assets		
Property, plant and equipment	**12 239**	12 062
Right-of-use assets	**1 611**	
Goodwill and intangible assets	**2 984**	3 258
Investments in associates, joint ventures and other non-current assets	**2 622**	3 120
Deferred taxation assets	**1 014**	766
Non-current assets	**20 470**	19 206
Current assets	**27 379**	27 855
Assets classified as held for sale	**29**	327
Total assets	**47 878**	47 388
Equity and liabilities		
Capital and reserves		
Share capital and premium	**(1 121)**	441
Reserves and retained income	**20 625**	23 182
Interest of shareholders of Barloworld Limited	**19 504**	23 623
Non-controlling interest	**246**	272
Interest of all shareholders	**19 750**	23 895
Non-current liabilities	**11 251**	7 930
Deferred taxation liabilities	**806**	572
Non-current liabilities	**10 445**	7 358
Current liabilities	**16 877**	15 485
Liabilities directly associated with assets classified as held for sale		78
Total equity and liabilities	**47 878**	47 388
STATEMENT OF CASH FLOWS		
Cash inflow/(outflow) from operations	**3 541**	3 711
Dividends paid (including non-controlling interest)	**(1 127)**	(1 057)
Net cash retained from/(applied to) operating activities	**2 414**	2 654
Net cash (used in)/generated from investing activities	**(2 966)**	(647)
Net cash (used in)/generated from financing activities	**(884)**	(2 858)
Net (decrease)/increase in cash and cash equivalents	**(1 318)**	(851)

* The restatement is due to Avis fleet no longer being classified as a discontinued operation and the restatement of impairment losses on financial assets and contract assets.

^ The restatement in 2018 is due to the restatement of inventory and trade and other payables.

2018^ Rm	2017 Rm	2016 Rm	2015 Rm	2014 Rm
12 657	12 659	13 806	14 380	12 614
3 401	3 534	3 728	3 240	3 041
2 463	1 737	1 518	1 503	937
710	683	1 127	783	695
19 231	18 613	20 179	19 906	17 287
29 678	24 368	25 015	28 052	26 719
497	3 343	828	197	–
49 406	46 324	46 022	48 155	44 006
441	441	441	282	316
21 791	19 834	18 501	19 144	16 566
22 232	20 275	18 942	19 426	16 882
517	602	737	616	604
22 750	20 877	19 679	20 042	17 486
8 917	10 852	12 446	12 078	9 700
632	538	703	571	377
8 285	10 314	11 743	11 507	9 323
17 466	13 798	13 830	15 992	16 820
126	797	67	43	–
49 406	46 324	46 022	48 155	44 006
1 700	3 734	5 715	(824)	1 047
(953)	(803)	(772)	(814)	(742)
747	2 931	4 943	(1 638)	305
1 891	(329)	(1 436)	(1 826)	(69)
1 080	(1 642)	(2 753)	1 532	1 070
3 718	960	754	(1 933)	1 306

Consolidated seven-year summary CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

PERFORMANCE PER ORDINARY SHARE	
Weighted average number of ordinary shares in issue during the year net of buy-back	
Earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited / Weighted average number of ordinary shares in issue, net of buy-back
Earnings per share – continuing operations	As above, but using results from continuing results only
Headline earnings per share	Net profit attributable to ordinary shareholders of Barloworld Limited + goodwill impairment -/(+) non trading profits/(losses) net of tax and non-controlling interest thereof / Weighted average number of ordinary shares in issue, net of buy-back
Headline earnings per share – continuing operations	As above, but using results from continuing results only
Headline earnings per share – continuing operations excluding B-BBEE and finance cost on discontinued operations	As above, but using results from continuing results normalised^
Dividends per share	Interim and final dividends declared out of current year's earnings
Dividend cover	Headline earnings (continuing operations) + B-BBEE transaction charge (net of taxation) / Dividends paid out of current year's earnings
Net asset value per share	Interest of shareholders of Barloworld Limited, including investments at market value / Number of ordinary shares in issue, net of buy-back

^ Headline earnings per share – continuing operations excluding B-BBEE transactions and material disposal, as per the Barloworld long term incentive scheme performance measurements.

PROFITABILITY AND ASSET MANAGEMENT	
Group operating margin including IFRS 16 (%) before BEE	Operating profit before B-BBEE charge and goodwill impairment / Revenue – Group operations
Continuing operating margin including IFRS 16 (%) before BEE	Operating profit before B-BBEE charge and goodwill impairment / Revenue – continuing operations
Net asset turn	Revenue – Group operations / Average net assets
Return on net assets (Group) incl IFRS 16	Operating profit + B-BBEE transaction charge + investment income + income from Associates and Joint Ventures
Return on net assets (Trading businesses)	As per above Group calculation but excluding leasing and car rental businesses
Return on net operating assets (Group)^^	Net profit attributable to ordinary shareholders of Barloworld Limited – net exceptional items + B-BBEE transaction charge (net of tax) / Average net operating assets
Return on ordinary shareholders' funds (excluding exceptional items) (Group)	Net profit attributable to ordinary shareholders of Barloworld Limited – net exceptional items + B-BBEE transaction charge (net of tax) / Average Interest of shareholders of Barloworld Limited
Replacement capex to depreciation	Replacement capital expenditure / Depreciation charge
Effective rate of taxation – continuing operations	Tax charge – prior year tax – non-operating and capital items tax – secondary tax on companies / Profit before tax -/(+) non-operating and capital items + goodwill impairment

^^ Return on net operating assets – Group excluding B-BBEE transactions, material accounting changes and material disposal, as per the Barloworld long term incentive scheme performance measurements.

* The restatement is due to Avis fleet no longer being classified as a discontinued operation and the restatement of impairment losses on financial assets and contract assets.

^ The restatement in 2018 is due to the restatement of inventory and trade and other payables.

	Targets	2020	2019*	2018^	2017	2016	2015	2014
(000)		**200 330**	211 085	210 875	210 780	211 425	211 843	211 669
SA cents		**(1 236.0)**	1 150.2	1 823.8	779.6	890.5	808.7	1 012.3
US cents		**(75.0)**	80.4	140.2	58.2	60.4	67.5	95.8
SA cents		**(1 236.0)**	1 134.6	1 042.8	907.2	876.8	808.7	810.3
US cents		**(76.0)**	79.3	80.2	67.8	59.4	67.5	76.7
SA cents		**(267.6)**	1 100.0	1 192.1	883.4	838.1	813.8	882.5
US cents		**(16.4)**	76.9	91.6	66.0	56.8	67.9	83.5
SA cents		**(267.6)**	1 100.0	1 150.9	974.5	840.9	925.5	856.5
US cents		**(16.4)**	76.9	88.5	72.8	57.0	77.3	81.0
SA cents		**(106.9)**	1 098.0	1 150.9	875.9	752.2	925.5	856.5
US cents		**(6.6)**	76.7	88.5	65.4	51.0	77.3	81.0
SA cents			462.0	462.0	390.0	345.0	345.0	320.0
US cents			32.3	35.5	29.1	23.4	28.8	30.3
times			1.9	2.5	2.1	2.3	2.6	2.5
SA cents		**9 783**	11 182	10 453	9 533	8 997	9 157	7 941
US cents		**587**	737	739	706	654	661	703
%	>6	**4.1**	6.6	6.8	6.1	6.2	6.4	6.0
%	>6	**4.1**	6.6	6.9	6.6	6.6	6.4	6.2
times	>3	**1.6**	1.8	2.1	2.2	2.1	2.1	2.4
%	>18	**6.8**	13.4	15.1	13.4	13.3	13.4	15.3
%	>20	**8.1**	12.4	13.5	12.6	12.7	12.8	15.2
%	>20	**9.7**	18.7	20.5	18.4	15.9	17.0	18.7
%	>15	**(1.5)**	10.6	11.8	9.5	9.2	10.9	11.6
%		**23.7**	26.5	9.7	12.2	18.9	29.3	21.6
%		**251.0**	27.8	28.5	23.9	27.0	37.1	34.1

Consolidated seven-year summary CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

LIQUIDITY AND LEVERAGE	
Total liabilities to total shareholders' funds incl IFRS 16	Non-current liabilities – deferred tax liabilities + current liabilities / Interest of all shareholders
Net debt to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans – cash and cash equivalents / Interest of all shareholders
Total borrowings to total shareholders' funds	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond / Interest of all shareholders
– Total Group	
– Trading businesses	
– Leasing businesses	
– Car rental businesses	
Net borrowings/EBITDA	Non-current interest-bearing liabilities + amounts due to bankers and short-term loans + convertible bond – cash and cash equivalents / Operating profit + impairment of goodwill and intangible assets + depreciation charge
Current ratio	Current assets / Current liabilities
Quick ratio	Current assets – inventories / Current liabilities
Interest cover – continuing operations	Profit before non-operating and capital items + goodwill impairment + B-BBEE transaction charge + interest paid (including interest capitalised and interest included in cost of sales) / Interest paid (including interest capitalised and interest included in cost of sales)
– Total Group	
– Trading businesses	
– Leasing businesses	
– Car rental businesses	
VALUE ADDED	
Number of employees	
Revenue per employee	Revenue / Average number of employees
Value created per employee	Total value created per value added statement / Average number of employees
Employment cost per employee	Salaries, wages and other benefits paid to employees / Average number of employees

* The restatement is due to Avis fleet no longer being classified as a discontinued operation and the restatement of impairment losses on financial assets and contract assets.

^ The restatement in 2018 is due to the restatement of inventory and trade and other payables.

	Targets	2020	2019*	2018^	2017	2016	2015	2014
%	<150	**59.4**	35.0	113.2	115.5	130.0	137.4	149.5
%		**25.2**	4.5	14.4	27.6	40.7	55.1	40.9
%		**47.6**	32.7	49.1	46.4	56.1	66.9	64.7
%	30 – 50	**27.6**	10.1	25.3	20.9	28.9	42.9	39.7
%	600 – 800	**633.8**	604.2	614.3	560.1	720.1	688.4	661.8
%	200 – 300	**183.9**	207.6	203.8	203.3	216.4	210.9	205.4
times	<2.5	**1.0**	0.2	0.5	0.8	1.2	1.8	1.6
	>1	**1.6**	1.8	1.7	1.8	1.8	1.8	1.6
	>0.5	**1.0**	1.3	1.1	1.2	1.1	0.9	0.9
times	>3	**1.3**	3.2	3.7	3.0	3.0	2.9	3.3
times	>4	**1.9**	3.8	5.3	3.8	3.7	3.5	4.0
times	>1	**0.7**	4.0	2.0	2.0	1.8	1.9	2.2
times	>1.25	**(1.3)**	1.1	2.1	2.0	2.3	2.3	2.4
		12 905	15 396	17 417	19 201	20 786	19 745	19 616
R000's		**3 511.0**	3 669.6	3 646.1	3 302.8	3 201.6	3 186.9	3 342.8
R000's		**829.5**	1 051.7	1 061.4	846.2	778.0	790.1	813.6
R000's		**580.2**	577.4	531.2	497.6	469.9	452.7	469.0

Consolidated seven-year summary CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

ORDINARY SHARES PERFORMANCE – JSE	
Closing market prices per share	
– year-end (30 September)	
– highest	
– lowest	
Number of shares in issue at 30 September##	
Volume of shares traded	
Value of shares traded	
Earnings yield	Headline earnings per share / Closing market price per share
Dividend yield	Dividends per share / Closing market price per share
Total shareholder return – Barloworld Limited	
– Annual share price (loss)/gain	
– Total shareholder return	Annual share price gain + dividend yield
Total shareholder return – JSE all share (Alsi) index	
– Alsi index (30 September)	
– Gain/(loss) in Alsi index – year to 30 September	
– Dividend yield	
– Total shareholder return	
Price: Earnings ratio	Closing market price per share / Headline earnings per share
Price: Earnings ratio – JSE Alsi index	
Market capitalisation at 30 September	Closing market price per share x number of shares in issue at 30 September
Premium over/(under) interest of shareholders of Barloworld Limited	Market capitalisation – Interest of shareholders of Barloworld Limited

The number of shares in issue excludes shares issued in the respect of the B-BBEE transaction other than to the General staff trust.

	Targets	2020	2019*	2018^	2017	2016	2015	2014
SA cents		**6 146**	11 560	12 317	12 451	8 327	7 540	9 250
US cents		**368**	762	870	922	606	544	819
SA cents		**6 212**	11 887	18 588	13 300	9 095	10 600	11 648
SA cents		**6 034**	10 850	11 748	8 256	5 192	7 530	8 790
million		**199**	211	211	211	211	212	213
million		**1 435**	590	221	256	361	173	170
Rm		**88 386**	68 044	32 233	28 562	25 822	15 941	17 552
%		**(4.4)**	9.5	9.3	7.8	10.1	12.3	9.3
%		**3.8**	4.2	3.3	2.9	4.1	4.4	3.3
%		**46.8**	(6.1)	(1.1)	49.5	10.4	(18.5)	(3.0)
%		**(43.0)**	(1.9)	2.2	52.4	14.5	(14.1)	0.3
		54 265	54 825	55 708	55 580	51 950	50 089	49 336
%		**(1.0)**	(1.6)	0.2	8.9	3.7	1.5	12.0
%		**3.2**	4.2	3.8	3.7	2.9	3.1	2.9
%		**1.02**	0.02	3.3	12.6	5.7	4.6	15.0
times		**(23.0)**	10.5	10.3	14.1	9.9	9.3	10.5
		13.4	12.0	13.6	20.2	23.4	26.7	16.9
Rm		**12 251**	24 423	26 004	26 223	17 570	15 995	19 664
Rm		**(7 252)**	799	3 772	5 948	(1 372)	(3 431)	2 782

Consolidated summary in other currencies#

FOR THE YEAR ENDED 30 SEPTEMBER

	US Dollar 2020 $m	2019* $m
INCOME STATEMENT		
CONTINUING OPERATIONS		
Revenue	**3 054**	4 207
Operating profit before items listed below	**315**	458
Impairment losses on financial assets and contract assets	**(18)**	(5)
Depreciation	**(164)**	(167)
Amortisation of intangible assets	**(8)**	(8)
Operating profit before B-BBEE transaction charge	**125**	278
B-BBEE transaction charge	**(15)**	(5)
Operating profit	**110**	273
Fair value adjustments on financial instruments	**(21)**	2
Finance costs	**(78)**	(79)
Income from investments	**10**	14
Profit before non-operating and capital items	**21**	210
Non-operating and capital items	**(117)**	5
(Loss)/profit before taxation	**(96)**	215
Taxation	**(55)**	(59)
(Loss)/profit before taxation	**(151)**	156
(Loss)/income from associates and joint ventures	**(3)**	16
(Loss)/profit for the year from continuing operations	**(154)**	172
DISCONTINUED OPERATIONS		
Profit from discontinued operations		2
Net profit	**(154)**	174
Attributable to:		
Owners of Barloworld Limited	**(152)**	170
Non-controlling interests in subsidiaries	**(2)**	4
Net profit	**(154)**	76.9
Headline earnings continuing operations	**(16.4)**	77
Earnings per share continuing operations (cents)	**(76.0)**	79.3
Ordinary dividends per share (cents)		32.3

Pound Sterling	
2020	2019*
£m	£m
2 382	3 295
246	358
(14)	(4)
(128)	(131)
(7)	(6)
97	217
(11)	(4)
86	213
(16)	1
(61)	(62)
7	11
16	163
(91)	4
(75)	167
(43)	(47)
(118)	120
(2)	13
(120)	133
	2
(120)	135
(119)	133
(1)	2
(120)	135
(12.8)	60.2
(59.3)	62.1
	25.3

Consolidated summary in other currencies# CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

	US Dollar	
	2020	**2019***
	$m	**$m**
STATEMENT OF FINANCIAL POSITION		
Assets		
Property, plant and equipment	**734**	796
Right-of-use assets	**97**	
Goodwill and intangible assets	**179**	215
Investment in associates, joint ventures and other non-current assets	**157**	206
Deferred taxation assets	**61**	51
Non-current assets	**1 228**	1 268
Current assets	**1 641**	1 837
Assets classified as held for sale	**2**	22
Total assets	**2 871**	3 127
Equity and liabilities		
Capital and reserves		
Share capital and premium	**(67)**	29
Reserves and retained income	**894**	1 232
Non-distributable reserves – foreign currency translation	**343**	298
Interest of shareholders of Barloworld Limited	**1 170**	1 559
Non-controlling interest	**15**	18
Interest of all shareholders	**1 185**	1 577
Non-current liabilities	**675**	523
Deferred taxation liabilities	**48**	38
Non-current liabilities	**627**	485
Current liabilities	**1 011**	1 022
Liabilities directly associated with assets classified as held for sale		5
Total equity and liabilities	**2 871**	3 127
STATEMENT OF CASH FLOWS		
Cash inflow from operations	**218**	259
Dividends paid (including non-controlling interest)	**(69)**	(74)
Net cash retained from operating activities	**149**	185
Net cash used in investing activities	**(182)**	(45)
Net cash from financing activities	**(47)**	(200)
Net decrease in cash and cash equivalents	**(80)**	(60)
Exchange rates used:		
Balance sheet – closing rate (rand)	**16.68**	15.16
Income statement and cash flow statement – average rate (rand)	**16.27**	14.31

These schedules are provided for convenience purposes only. The presentation currency used for the financial statements and notes is South African Rand.

* The restatement is due to Avis fleet no longer being classified as a discontinued operation and the restatement of impairment losses on financial assets and contract assets.

Pound Sterling 2020 £m	2019* £m
568	646
75	
138	174
122	167
47	41
950	1 028
1 270	1 491
1	18
2 221	2 537
(52)	24
691	999
265	242
904	1 265
11	15
915	1 280
522	425
37	31
485	384
784	828
	4
2 221	2 537
170	203
(54)	(58)
116	145
(142)	(35)
(37)	(156)
(63)	(47)
21.56	18.68
20.86	18.27

Definitions

Below is a list of key definitions of financial terms used in the annual report of Barloworld Limited (the company) and the Group:

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules, and practices applied in preparing and presenting financial statements.

Changes in accounting policies are accounted for in accordance with the transitional provisions in International Financial Reporting Standards (IFRS). If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are corrected prospectively.

ACCRUAL ACCOUNTING

The effects of transactions and other events are recognised when they occur rather than when the cash is received or paid.

ACTUARIAL GAINS AND LOSSES

The effect of differences between the previous actuarial assumptions and what has occurred, as well as changes in actuarial assumptions.

ADJUSTED HEADLINE EARNINGS PER SHARE

Adjusted HEPS is headline earnings excluding IFRS 16, B-BBEE charges and the fair value adjustments on the USD held cash for the Mongolia acquisition.

AMORTISED COST

The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

ASSET

A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

ASSOCIATE

An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss.

BORROWING COSTS

Interest and other costs incurred in connection with the borrowing of funds.

BUSINESS COMBINATION

A business is an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to participants.

A business combination is the bringing together of separate entities or businesses into one reporting entity.

CAPITAL CHARGE

Average invested capital multiplied by WACC.

CARRYING AMOUNT

The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

CASH FLOW HEDGE

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

CASH-GENERATING UNIT

The smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CASH-SETTLED SHARE-BASED PAYMENT TRANSACTION

A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity.

CHANGE IN ACCOUNTING ESTIMATE

An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

CHIEF OPERATING DECISION MAKER (KEY MANAGEMENT)

Those persons having authority and responsibility for planning, directing, and controlling the activities of the entity.

In terms of this definition, the executive committee of Barloworld Limited have been identified as the chief operating decision-maker.

CONSTRUCTIVE OBLIGATION

An obligation that derives from an established pattern of past practice, published policies or a sufficiently specific current statement, in which the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of a Group presented as those of a single economic entity.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

CONTINGENT LIABILITY

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

CONTRACT

An agreement between two or more parties that creates enforceable rights and obligations.

CONTRACT ASSET

The Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

CONTRACT LIABILITY

The Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer.

COST OF SALES

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

COSTS TO SELL

The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

CREDIT-IMPAIRED FINANCIAL ASSET

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

CREDIT LOSS

The difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original **effective interest rate** (or **credit-adjusted effective interest rate** for **purchased or originated credit-impaired financial assets**).

CUSTOMER

A party that has contracted with the Group to obtain goods or services that are an output of the Group's ordinary activities in exchange for consideration.

DATE OF TRANSACTION

The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

DEPRECIATION (OR AMORTISATION)

The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

DERECOGNITION

The removal of a previously recognised asset or liability from the statement of financial position.

DERIVATIVE

A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

DEVELOPMENT

The application of research findings or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, processes, systems, or services before starting commercial production or use.

DILUTED EARNINGS PER SHARE

Profit or loss attributable to ordinary equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the period, both adjusted for the effects of all dilutive potential ordinary shares.

DILUTION

A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

DISCONTINUED OPERATION

A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are shown as Held for Sale in the statement of financial position.

EBITDA

EBITDA refers to earnings before interest, taxes, depreciation, and amortisation.

ECONOMIC PROFIT

The measure of the difference between the accounting profit of a business (Net Operating Profit after Tax) and the cost of capital invested in the business (referred to as a ("Capital Charge").

EFFECTIVE INTEREST METHOD

The method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

EMPLOYEE BENEFITS

All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

EVENTS AFTER THE REPORTING PERIOD (POST-BALANCE SHEET)

Recognised amounts in the financial statements are adjusted to reflect events arising after the financial position date that provide evidence of conditions that existed at the financial position date. Events after the reporting date that are indicative of conditions that arose after the financial position date are dealt with by way of a note.

EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

EQUITY INSTRUMENT

A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

EQUITY METHOD

A method in which the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investee. Profit or loss includes the share of the profit or loss of the investee.

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION

A share-based payment transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options).

HEADLINE EARNINGS PER SHARE

NON-OPERATING AND CAPITAL ITEMS

Non-operating and capital items cover those amounts, which are not considered to be of an operating/trading nature, and generally include re-measurements due to:

- impairments of goodwill and non-current assets;
- gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- gains and losses on the disposal of fixed property;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the Group's presentation currency;
- recycling through profit or loss of fair value gains and losses previously recognised in other comprehensive income upon the disposal financial assets as at fair value through other comprehensive income (FVTOCI) and realisation of hedges of a net investment in a foreign operation; and
- the Group's proportionate share of non-operating and capital items (determined on the same basis) of associates and joint arrangements.

Re-measurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised in other comprehensive income) are not included in non-operating and capital items.

EXPENSES

The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

FAIR VALUE

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FAIR VALUE HEDGE

A hedge of exposure to changes in fair value of a recognised asset, liability, or firm commitment.

FINANCE LEASE

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

FINANCIAL ASSET OR LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset or financial liability that is classified as held for trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

FINANCIAL ASSETS

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

FINANCIAL GUARANTEE CONTRACT

A contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

FINANCIAL INSTRUMENT

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL LIABILITIES

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

FINANCIAL RISK

The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

FIRM COMMITMENT

A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

FORECAST TRANSACTION

An uncommitted but anticipated future transaction.

FREE CASH FLOW

Cash flow before financing activities and dividends paid.

GOING CONCERN BASIS

The assumption that the entity will continue in operation for the foreseeable future.

GROSS DEBT

Interest-bearing long-term debt, lease liabilities (unless stated otherwise) and amounts due to bankers and short-term loans.

GROSS INTEREST

Total interest paid.

GROSS INVESTMENT IN LEASE

The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

GROUP OPERATING MARGIN

Operating profit as a percentage of revenue.

HEADLINE EARNINGS PER SHARE

Profit for the year attributable to owners of Barloworld Limited adjusted for non-operating and capital items divided by weighted average number of shares.

HEDGED ITEM

An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

HEDGING INSTRUMENT

A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

HEDGE EFFECTIVENESS

The degree to which changes in the fair value or cash flows of the hedged item that is attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Definitions CONTINUED

HELD FOR TRADING FINANCIAL ASSET OR FINANCIAL LIABILITY

One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

LESSEE'S INCREMENTAL BORROWING RATE (IBR)

The rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

IMMATERIAL

If individually or collectively it would not influence the economic decisions of the users of the financial statements.

IMPAIRMENT LOSS ON NON-FINANCIAL ASSETS

The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

IMPAIRMENT GAIN OR LOSS

Gain or loss that are recognised in profit or loss when a financial asset's credit quality has deteriorated/improved, and an expected credit loss/gain is recognised.

IMPRACTICABLE

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

INCOME

Increase in economic benefits in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

INSURANCE ASSET

An insurer's net contractual rights under an insurance contract.

INSURANCE LIABILITY

An insurer's net contractual obligations under an insurance contract.

INSURANCE RISK

Risk, other than financial risk, transferred from the holder of a contract to the issuer.

INSURED EVENT

An uncertain future event that is covered by an insurance contract and creates insurance risk.

INSURER

The party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.

INVESTED CAPITAL

The measure of the sum of the total interest of all shareholders (including non-controlling interests), long-term loans, bank overdrafts and short-term loans less cash.

JOINT ARRANGEMENT

An arrangement in which two or more parties have joint control.

JOINT CONTROL

The contractually agreed sharing of control which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

JOINT OPERATION

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

JOINT VENTURE

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

LEGAL OBLIGATION

An obligation that derives from a contract, legislation, or other operation of law.

LIFETIME EXPECTED CREDIT LOSSES

The **expected credit losses** that result from all possible default events over the expected life of a financial instrument.

LIABILITY

A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

LOANS AND RECEIVABLES

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

LOSS ALLOWANCE

The allowance for **expected credit losses** on financial assets measured at amortised cost, lease receivables and **contract assets,** and **financial guarantee contracts.**

MARKET CONDITION

A condition upon which the exercise price, vesting or exercisability of an equity instrument depends on and is related to the market price of the entity's equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity's equity instruments relative to an index of market prices of equity instruments of other entities.

LEASE PAYMENTS

Payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term.

LEASE TERM

The non-cancellable period for which a lessee has the right to use an underlying asset, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain to exercise that option.

NET ASSETS

Net operating assets plus goodwill, cash, and cash equivalents.

NET DEBT

Gross debt (long- and-short term) less net cash.

NET INVESTMENT IN THE LEASE

The gross investment in the lease discounted at the interest rate implicit in the lease.

NET OPERATING ASSETS

Segment assets less segment liabilities.

NET OPERATING PROFIT AFTER TAX

Operating profit after tax and share of associate income.

NON-CONTROLLING INTEREST

The equity in a subsidiary not attributable, directly or indirectly, to a parent.

OPERATING LEASE

A lease other than a finance lease.

OPERATING PROFIT

Profit before interest and tax.

OPERATING SEGMENTS

The executive committee has determined the operating segments based on the information it uses to allocate resources and assess segmental performance. Segments are analysed by operating activities and geographical regions. The activities of the Group's operating segments are described below:

The equipment segment provides customers with integrated solutions that include Caterpillar earthmoving equipment, engines, and other complementary brands.

The automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet services.

The logistics segment provides customers with traditional logistics services and supply chain management solutions.

The handling segment provides customers with innovative solutions for material handling needs including lift trucks, warehouse handling equipment and distribution of agricultural equipment.

The corporate segment comprises all the other Group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

Segment accounting policies are consistent with those adopted for the preparation of the Group financial statements.

The executive committee evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the Group's treasury operations. All intra-segment transactions are eliminated on consolidation.

OWNER-OCCUPIED PROPERTY

Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

PAST SERVICE COST

The increase or decrease in the present value of the defined benefit obligation for employee service in prior periods resulting from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

PERFORMANCE MEASURES

Measures put in place by management to measure the performance of the operations.

PERFORMANCE OBLIGATION

A promise in a contract with a customer to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

POLICYHOLDER

A party that has a right to compensation under an insurance contract if an insured event occurs.

POST-EMPLOYMENT BENEFITS

Employee benefits (other than termination benefits) that are payable after the completion of employment.

POST-EMPLOYMENT BENEFIT PLANS

Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

PRESENTATION CURRENCY

The currency in which the financial statements are presented.

Definitions CONTINUED

PRESENT VALUE

A current estimate of the present discounted value of the future net cash flows in the normal course of business.

PRIOR PERIOD ERROR

An omission from or misstatement in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those financial statements.

PROJECTED UNIT CREDIT METHOD

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

PROSPECTIVE APPLICATION

Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

RECOGNITION OF ASSETS AND LIABILITIES

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the Group and the amount at which the settlement would take place or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the Group and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

RECOVERABLE AMOUNT

The higher of an asset's or cash-generating unit's fair value less cost to sell and its value-in-use.

REGULAR WAY PURCHASE OR SALE

A purchase or sale of a financial asset under a contract, the terms of which require delivery of the asset within the timeframe established by regulation or convention in the marketplace concerned.

RESEARCH

The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

RESIDUAL VALUE

The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

RESTRUCTURING

A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

RETROSPECTIVE APPLICATION

Applying a new accounting policy to transactions, other events, and conditions, as if that policy had always been applied.

RETROSPECTIVE RESTATEMENT

Correcting the recognition, measurement, and disclosure of amounts as if a prior period error had never occurred.

RETURN ON INVESTED CAPITAL (ROIC)

The return on investment capital is a profitability ratio. It measures the percentage return that a company makes over its invested capital by calculating net operating profit after tax over total equity, plus long-term and short-term loans, bank overdrafts and cash on hand.

RETURN ON NET OPERATING ASSETS

Operating profit plus interest received and share of associate profits as a percentage of net operating assets.

RETURN ON ORDINARY SHAREHOLDERS' FUNDS

Operating profit plus interest received and share of associate profits as a percentage of ordinary shareholders' funds.

REVENUE

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

RIGHT-OF-USE ASSET

An asset that represents a lessee's right to use an underlying asset for the lease term.

RIGHT-OF-USE LIABILITY

A liability representing the lessee's obligation to make rental payments to the lessor discounted by the lessee's incremental borrowing rate over the lease term.

SEGMENT ASSETS

Total assets less goodwill, cash on hand, deferred and current taxation assets.

SEGMENT LIABILITIES

Non-interest-bearing current and non-current liabilities, excluding deferred and current taxation liabilities.

SEGMENT RESULT

Segment result represents operating profit plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the Group's treasury operations.

SHARE-BASED PAYMENT TRANSACTIONS

A cash-settled share-based payment transaction is the acquisition of goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments.

An equity-settled share-based payment transaction is a transaction where goods or services are received and settled in equity instruments of the entity (including shares or share options).

TAX BASE

The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.

The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

TEMPORARY DIFFERENCES

The differences between the carrying amount of an asset or liability and its tax base.

TRANSACTION COSTS

Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, i.e. those that would not have been incurred if the entity had not acquired, issued, or disposed of the financial instrument.

TRANSACTION PRICE (FOR A CONTRACT WITH A CUSTOMER)

The amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

TREASURY SHARES

The Group's own equity instruments held by the entity or other members of the consolidated Group.

UNEARNED FINANCE INCOME

The difference between the gross investment in the lease and the net investment in the lease.

USEFUL LIFE

The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

VALUE-IN-USE

The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

VARIABLE LEASE PAYMENTS

The portion of payments made by a lessee to a lessor for the right to use an underlying asset during the lease term that varies because of changes in facts or circumstances occurring after the commencement date, other than the passage of time.

VEST

To become an entitlement. Under a share-based payment arrangement, a counterparty's rights to receive cash, other assets, or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.

VESTING CONDITIONS

The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets, or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions are either service conditions or performance conditions. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period). A performance condition might include a market condition.

VESTING PERIOD

The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Notes

Corporate information

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(Registration number 1918/000095/06)
JSE codes: BAW and BAWP
ISIN codes: ZAE000026639 and
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FNO Edozien*

HH Hickey

MD Lynch-Bell**

NP Mnxasana

SS Ntsaluba

P Schmid

HN Molotsi

NV Mokhesi

DM Sewela

NV Lila

* *Nigerian*
** *British*

COMPANY SECRETARY

A Ndoni

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