6. EQUITY continued

6.2 Other reserves

	Notes	2019 R'000	2018 R'000
Balance at the beginning of the year as previously reported		**(2 814 202)**	(2 665 758)
Prior year error*	11	**—**	(43 418)
Balance at the beginning of the year – restated		**(2 814 202)**	(2 709 176)
Exchange differences on translation of foreign operations		**63 905**	(14 182)
Transactions with non-controlling interests**	3.7	**(61 677)**	(93 966)
B-BBEE transaction		**—**	1 400
Equity compensation benefit scheme shares vested		**(19 915)**	(21 362)
Equity compensation benefit movement		**7 149**	23 084
Balance at the end of the year		**(2 824 740)**	(2 814 202)
Consisting of:			
Restructuring reserve		**(1 843 912)**	(1 843 912)
Foreign currency translation reserve		**105 520**	41 615
Non-distributable reserve		**7 821**	7 821
Transactions with non-controlling interest reserve		**(1 130 945)**	(1 069 268)
Share-based payment reserve		**1 400**	1 400
Equity compensation benefit reserve		**35 376**	48 142
		(2 824 740)	(2 814 202)

* *As a result of the prior year error the Group has restated their comparative financial information. Refer to note 11 for details.*

** *This relates to a put option that the Group has on the remaining 40% shareholding in Airvantage Proprietary Limited. Refer to note 3.7.*

The restructuring reserve arose as a result of the restatement of Group comparatives, as required in terms of the principles of predecessor accounting. This reserve represents the difference between the fair value of the entities under the Group's control and their respective net asset values, as at the assumed restructure date of 1 June 2006.

The non-distributable reserve arose as a result of BLT's share of share premium issued by associate companies pre-2010.

The transactions with non-controlling interest reserve relates to the excess payments over the carrying amounts arising on transactions with non-controlling shareholders as these are treated as equity participants.

The share-based payment reserve relates to a B-BBEE transaction concluded by Panacea Mobile Proprietary Limited and Simigenix Proprietary Limited (the companies), subsidiaries of Blue Label Telecoms. In October 2017, the companies declared dividends to the full value of the companies to Blue Label Telecoms. Such dividends were immediately converted to preference shares. Subsequent to this, the companies issued shares to Bitsana Investments Proprietary Limited for nominal value. The Group has not recognised this dilution and accounts for the companies as wholly owned subsidiaries until the preference shares have been settled in full. The preference shares will be settled through the declaration of dividends by the companies. There are no specified dates for this.

7. TAXATION

7.1 Income tax expense

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year-end in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Uncertain tax positions are considered by the Group at the level of the individual uncertainty or group of related uncertainties.

7. TAXATION continued

7.1 Income tax expense continued

Critical accounting estimates and assumptions

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable income is estimated based on business plans which include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

	2019 R'000	Restated* 2018 R'000
Current tax	**339 670**	330 920
Current year	**339 894**	330 763
Adjustment in respect of prior years	**(224)**	157
Deferred tax	**(24 548)**	149
Current year	**(31 542)**	149
Adjustment in respect of prior years	**6 994**	—
	315 122	331 069
Profit before tax	**(6 307 074)**	1 506 839
Tax at 28%	**(1 765 981)**	421 915
Loss on liquidity support not deductible	**41 728**	—
Remeasurement of business acquisition contingent consideration	**—**	18 232
Expenditure of a capital nature	**5 025**	1 948
Financial guarantee contracts	**27 850**	—
Other income not subject to tax	**(27 845)**	(5 156)
Other expenses not deductible for tax purposes	**73 674**	10 535
Impairment of goodwill	**34 832**	—
Interest receivable impaired in prior years written off	**—**	(8 257)
Impairment of loan to joint venture (refer to note 2.1)	**45 233**	39 718
Impairment of investment in associate and joint venture (refer to note 2.1)	**714 186**	—
Surety loan recognition	**(8 399)**	(15 401)
Capital gains tax	**16 896**	—
Tax effect of assessed losses not recognised	**122 919**	13 416
Utilisation of previously unrecognised assessed losses	**(460)**	(262)
Share of losses/(profits) from associates and joint ventures (refer to note 2.1)	**1 036 395**	(145 776)
Adjustment in respect of prior years	**6 770**	157
Effect of different tax dispensations	**(8 813)**	—
Withholding tax	**1 112**	—
Tax charge	**315 122**	331 069
Effective tax rate (%)	**(5)**	22

** As a result of the prior year error the Group has restated their comparative financial information. Refer to note 11 for details.*