NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2025

14. FINANCE INCOME

Accounting policy

Finance income is recognised in profit or loss using the effective interest rate method as the instruments to which this relates are measured at amortised cost.

	2025 R'000	2024 R'000
Interest received		
Bank	**214**	138
South African Revenue Service	**—**	2
Deposits*	**—**	1 682
Total finance income	**214**	1 822

* The prior year interest was earned on funds deposited with Lombard Insurance Company Limited which was fully refunded in the 2024 year-end.

15. INCOME TAX

Accounting policy

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or different year, to other comprehensive income; or
- a business combination.

Critical accounting estimates and assumptions

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. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of BLT to realise net deferred tax assets recorded at the end of the reporting period could be impacted.

The Directors resolved at the end of the prior and current financial year not to recognise the deferred tax asset. No income tax charge was recognised in the current or prior year.

	2025 R'000	2024 R'000
Reconciliation between profit/(loss) and tax charge		
Profit/(loss) before taxation	**367 355**	(5 930)
Tax at the applicable tax rate of 27%	**99 186**	(1 601)
Tax effect of adjustments on taxable profit/(loss)		
Dividends received not taxable	**(29 676)**	(112 982)
ECL movement on financial assets and financial guarantees	**(73 505)**	113 006
Expenditure not deductible for tax purposes*	**3 343**	1 177
Tax effect of losses not recognised	**652**	400
	—	—

* Comprises of legal fees and consulting fees.

No provision has been made for current tax as BLT has no taxable income. The estimated tax loss available for set off against future taxable income is R183 309 285 (2024: R180 876 278).